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FILE CLOSED

HISTORY OF THE SECURITY SERVICE, ITS
PROBLEMS & ORGANISATIONAL ADJUSTMENT
1908-45 AND ARRANGEMENTS FOR ITS
COMPILATION - THE CURRY REPORT

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ARCHIVES

Serial No.

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H10

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08 FEB 1934

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15 NOV 1932

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24 AUG 1934

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27 FEB 1935

S. 1630
Edn. 2

22/1

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50-24-44

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TOP SECRET

257

VOL. I.



under publication

THE SECURITY SERVICE

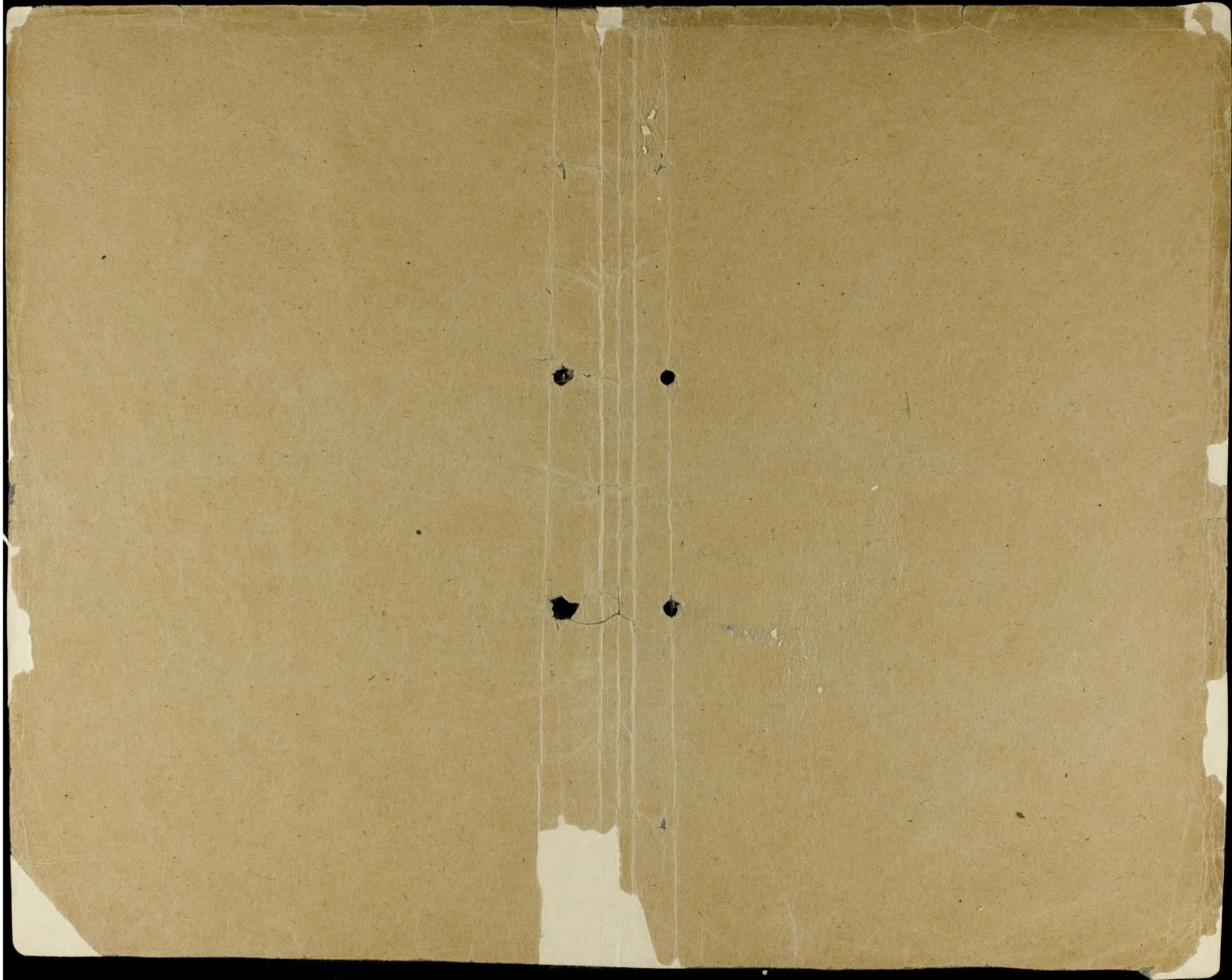
ITS PROBLEMS AND ORGANISATIONAL ADJUSTMENTS

1908-1945

VOL. I. (CHAPTERS I. TO IV.)

THE SECURITY SERVICE

MARCH 1946



1.

30.3.1944 From Postal & Telegraph Censorship re History of Security Service during this War. 1a.

2.

D.D.O.

we spoke. Will you find out what records we can show D.C. - as to what we did after the last war. I think Col Bacon & Capt Cusack would help. 8/16
11.4.44

3.

8.4.44. Note regarding documents available in A.4.

3A.

4.

D.D.O. (Mr. Horrocks)

Reference our conversation - please see 3A.

A.4.
8.4.44.

Mr. Cusack.

5.

D.D.G.

Capt. Cusack's note at 3a gives a good picture of what was done at the end of the last war. The number of volumes of history is rather formidable, and you will doubtless ask A.4. for such volumes as the D.G. may care to inspect.

D.D.O.
10.4.44.

Horrocks.

6.

D.C.

Please see 3A which shows what we have

got.

8/16

11.4.44

TAR

~~A.D.B.~~
D.G.

7

Two years ago Mr Curry got up from the Register the history of German espionage in the U.K. in the last war and found it a very inadequate and indeed (at this distance of time) a scarcely intelligible document although it consisted of 8 volumes and an index. It might therefore be salutary for us to consider this document again to see what we do. In particular, as far as I recollect, it showed no signs of having been compiled on the basis of documents obtained under the Hummelde terms and its imperfections are no doubt due to this. We should therefore make explicit arrangements in connection with 12.1.6 for getting such documents this time as Sir E. Herbert now suggests.

R.C.R. / 11/4/44

Blackburn

8.

D.G.

Please see minute 7 and my draft letter to Herbert for your signature.

A.D.B.
14.4.1944

T.A. Robertson

9.

14.4.44 Draft letter to Sir Edwin Herbert in reply to 1a.
Despatched 15.4.44.

9a

10.

10a

Reference, SF. 50/24/44.

3.10.44.

132

19.11.44.

14a

D.B.

5

7.12.44.

4.

7.12.44.

17.

B.I.D. (Lt.-Col. H.J. Baxter) ^{13.12.44}

Please see minute 4 and D.B.'s note to me. Can you speak to me when next you are up.

A.D.B.
12.12.44.

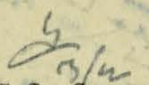
T.A. Robertson.
T.A. Robertson.

18.

Director-General.

I am informed by D.B., D.C.&D. and A.D.F. that several of their most important sections are at present very busy and will find it impossible to finish the sectional review called for in your circular D.G./14/44 at an early date. Several of the important sections, I understand, will not be able to finish before the end of March.

As these are the key sections and comprise the most important parts of B and F Divisions, it will not be possible for me to compile the history or to get the rough draft of it into shape before I have seen their reports. It will be possible to do a certain amount of work on most of the Divisions, but this will be chiefly concerned with the less important aspects of the work of the Office, and it may have to be redrafted or blue pencilled considerably after I have seen the reports of the more important sections.


J.C. Curry.

13.12.44.

~~None of the records have been removed to SF.69/1130/352
Request from Censorship Dept. for assistance in writing
the history.~~

10.

~~47.4.44. From Censorship Department in reply to letter at 9a.~~

~~10a.~~

11.

29.9.44. Draft circular re compilation of History of Security
Service during the present war.

Replaced by 13a.

11a

D.G.

12.

At 11a is draft circular which you requested should
be prepared when we discussed this matter on Tuesday last.

D.D.O.
29.9.44.

Ritomb.

19.

D.G.

In continuation of Minute 6, it is now possible that the war may end very soon and that if this occurs some of the more important officers may want to leave the Office. You may therefore like to consider whether heads of divisions should now be told to look into the matter from this point of view and make sure that adequate accounts of the work of the different sections are fully prepared in good time. I understand that several sections still have difficulty in doing this review of the section's work while they are engaged on current activities which are often of urgent importance. Heads of divisions will be in a position to say whether sectional reports are adequate, and you may think that the necessity for their doing this should be brought to their notice.

It might also be an advantage if heads of divisions would write a very brief report summarising the work of the division as a whole, showing how the various sections fitted into their place in the general scheme. This applies particularly to B.I. in which the investigation of German espionage and sabotage has been co-ordinated by D.D.B., and a note by Dick White would put the sectional reports in perspective and show how he co-ordinated their working. Similarly, I would suggest for consideration the question of a note by D.B. on the co-ordination of the work done in the way of the investigation of German espionage with "Security" and "Intelligence".

Under present circumstances you may think it desirable to lay down that unless there is an unforeseen prolongation of the war all sectional reports should be ready by the end of March, and if you approve of summaries by heads of divisions that they should be ready by the end of April.

J/C
J.C. Curry.

1.2.45.

20.

Mr. Curry.

Today you and Mr. Horrocks and I had a short discussion, in the course of which I tried to indicate the general purpose which your history is meant to serve, and which to some extent must determine the nature and length of it.

What I consider is needed is a relatively brief handbook which would show what the Security Service

consisted of before the war and what tasks it had to undertake as soon as hostilities commenced. This would lead on to the subject of the expansion - a very large one - and the kind of organisation into which it eventually evolved. There would have to be some detailed description of the various parts of the machine, and how they had to be trimmed and adjusted in the light of experience gained from actual working. A corollary will be to pronounce some kind of verdict whether, even in their final form, they were the best that could be devised, or whether they disclose defects that should be avoided if they ever have to be built up afresh.

As we have now passed the peak of our war-time expansion and activities - always excepting the War Room and post-war work for the Control Commission - it seems to me that the more essential material is already available, namely a general knowledge of the machine and the degree of efficiency with which it has worked. The more detailed reviews that are being compiled in Divisions and Sections will not be out of place, but will probably be of more use to their successors in these positions than to the higher administrative officers in the service, whoever they may be when the next emergency has to be met.

Your handbook then, to fulfil the best use that I can see for it, would be something comparatively brief, which the head of the Service could quickly himself assimilate and put to his superior organising officers. It would also be a document of great value to him when making approaches to the Treasury, the Fighting Services and other Departments for the many-sided assistance he will undoubtedly require from them.

As I said, it will be far from an easy task to compile such a handbook, since selection and compression are a far more ticklish business than a wide and not too discriminating inclusion. However, I feel convinced that your work will in the end best serve its true purpose if it can be fashioned on the above lines.

D.G.
6.2.45.

D. G. Curry

21.

6.6.45. To D.D.O. with reference to 13a.

21a.

22.

10.6.45. From D.D.O., a circular memorandum to all Officers who have not yet sent in their Sectional histories.

22a

27.6.45. Minutes between D.(C.&D.) & Mr CURRY.

22b

13.10.45 Mins. between Mr Curry, DB, DC&D, BIA & BLG re study of inf. from German Sources on the work 23. of the Security Service for use in compilation of history. (Filed 9.11.55).

22c

D.G.

Since about the middle of December I have received a number of important Sectional Histories including those from Robertson (about wireless), Hughes, C. Liddell, Gwyer, Rothschild and some others. These have necessitated considerable additions to what I had already written and also some alterations. The result will be that there will be a considerable amount of revision to do and I am afraid it will not be possible to finish the History before the end of February.

7.2.46

J. T. Curry

24.

Mr. Curry.

Very well. If it is not in Ruskin's phrase a book for "all time", equally it is not a book of "the hour". So it is worth while making a job of it. But I must repeat my warning against its becoming unduly bulky.

8.2.46

(sgd) D. Petrie.

25.

March 1946.

Vol.1 (Chapters I to IV) - The Security Service - its problems and organisational adjustments, 1908 - 1945.

25x

"FILE CLOSED"



Telephone :
Chancery 8866.

SECRET

1A
POSTAL & TELEGRAPH CENSORSHIP DEPARTMENT,
23-27, BROOKE STREET,
HOLBORN, E.C.1.

30th March, 1944.

Dear Petre,

1 I expect that you have in hand arrangements for writing the war history of your Department as we have here.

2 Our history is not being written by the official historian but is being undertaken by ourselves. We have agreed to have it completed within two years of the end of the war.

3 A history of a somewhat identical kind was written after the last war and one of its defects appears to me to be that it did not contain any estimate of the effectiveness of Censorship operations from the enemy point of view. It seems to me almost impossible to write an adequate history without at least forming some picture of how effective we were in hampering the enemy and I do not see how such a picture can be formed without a study of the enemy's documents.

4 I was reading the draft Armistice terms the other night and they contain ample powers to call for the production of documents.

5 It occurred to me that you would probably be making arrangements to get hold of the A.A. Wehr and the S.S. documents for much the same purpose in relation to your own Department as I have in mind.

6 I was thinking of raising this question with the Intelligence Branch of SHAEF from the point of view I have indicated above, but before doing so I should be grateful if you could see your way to let me know whether you are

/making...
G.M.C.
14/4/44

making any arrangements. The interests of your Department and mine and M.I.6 appear to overlap in this respect.

I have written in similar terms to "C".

Yours sincerely

E. S. Herbert

Brigadier Sir David Petrie, C.I.E., C.V.O., C.B.E.,
Box No. 500,
Parliament Street B.O.,
S.W.1.

3A

SECRET.

GREAT WAR 1914 - 1918. HISTORY OF

Reference the letter at 1A. A history of the work of M.I.5. in the war 1914-1918 was compiled in the office. This work was carried out by Colonel S. Jervis and two or three secretaries - the results of their work being contained in volumes referred to as "M.I.5. BRANCH REPORTS". These reports are available in A.4. and comprise the following:-

*Now held by
R8 in
Historical
Archives
Indefinite
3/3/69*

- | | |
|---|---|
| A. BRANCH REPORT.
(Aliens War Service) | One Volume and Summary. |
| D. BRANCH REPORT.
(Overseas Control) | Four Volumes and Summary. |
| E. BRANCH REPORT.
(Travel Control) | Twelve Volumes, Index and
Appendix File. |
| F. BRANCH REPORT.
(This war - partly C Div.
and D.1., 2., 3., and 6) | Three Volumes and Summary. |
| G. BRANCH REPORT
(B. Division - Investigation)
(Counter-Espionage). | Eight Volumes and Index. |
| H. BRANCH REPORT.
(Registry and Office
Administration and
Organisation). | Eight Volumes and Summary. |

*Indefinite
3/3/69
R8 in
Historical
Archives
Indefinite
3/3/69*

As stated in paragraph 3 of 1A, a History of the Postal & Telegraph Censorship Department was compiled after the last war, and a copy of this history is available in A.4.

Also as regards paragraph 3 of 1A. Although enemy records were not consulted during the writing of the history of M.I.5., there were arrangements made (presumably through the Armistice Authorities) whereby the records of the German S.S. Police were made available to M.I.5. and other War Office Departments.

A Commission, known as the German Civil Police Commission, was formed and Sir Eric Holt-Wilson, Colonel Hinchley-Cooke, Major Strong, a man named Bishop, and myself comprised a party sent from M.I.5. to Cologne for the purpose of setting up an office to inspect and sort German Police records throughout the Reich.

The Commission spent about two to two and a half years in Germany on this work and as a result of this Sir Eric Holt Wilson compiled a book entitled "The German Police System" and copies of this document are available in A.4.

Ms. Harold L. Mack
A.4.
8th April, 1944.

Despatched 15.4.44.

Draft Letter to

Sir Edwin Herbert,

For Signature by D.G.

Date 14.4.1944

Approved by T.A. *9a*

Date 14.4.44.

No. of Copies

Our Ref. SF.50/14/46

Their Ref.

Despatched on 15/4/44

Dear ~~Herbert~~,

Many thanks for your letter of the 30th March, 1944, relating to the writing of a war history of your Department.

I entirely agree with your view that it is not much good writing a history of one's activities without making a study of the enemy's documents in order to see how effective one's actions have been.

As you already know, Article 57 of the draft Armistice terms allows for certain documents to be taken over and studied by the British authorities. I am at present in touch with the War Office (Civil Affairs) and the Foreign Office and hope to send a representative to a meeting which I understand is being called ^{very shortly} ~~on the 15th April~~ soon after to discuss this whole question. M.I.6 will probably be represented at the same meeting, and we shall doubtless both put in a plea for permission to obtain documents in connection with Abwehr activities generally. If you would at the same time like us to represent your interests we shall be only too happy to do so, but doubtless you will be attending the meeting yourself.

Yours sincerely,

D.G.

Continue overleaf if necessary.



SECRET

POSTAL & TELEGRAPH CENSORSHIP DEPARTMENT,

23-27, Brooke Street,
Holborn, E.C. 1.

Your
Ref: SF.50/14/46/DG

Telephone:
Chancery 8866.

17th April, 1944.

Dear *Petrie,*

QA

Thank you for your letter
of the 15th instant.

I have not heard of the
meeting which you mention and I do
not think that it is necessary for us
to be represented directly so long as
your Department and mine can keep
closely together on these matters. I
see considerable advantage to us in
coming under your umbrella.

Yours *Sincerely*

E. S. Herbert

Brigadier Sir David Petrie, C.I.E.,
C.V.O., C.B.E.,

Box No. 500,
Parliament Street B.O.,
S.W. 1.

✓
28/4/44

K.7.
To be seen by:-
Heads of Divisions
Camp 020
L.R.C.
R.C.
O.C.
M.S.
Ops.

as Spoken.
Secretariat.
13a-
DIRECTOR-GENERAL'S
CIRCULAR.

No: D.G./14/44.

3rd October, 1944.

ACTIVITIES OF THE SECURITY SERVICE
DURING PRESENT WAR.

The Director-General has decided that a History of the activities of the Security Service during the present war ought to be compiled for future guidance.

The object is to put on record the experience, arrangements and policy of all phases of the work of the Service, particularly the problems that presented themselves, the machinery devised to deal with them, and the measure of success or failure attained in practical working.

The compilation of the History will be undertaken by Mr. J. C. Curry, who, it is expected, will be available in mid-November. Mr. Curry will naturally call for material from various Sections of the Service.

Heads of Divisions should therefore begin to:-

- (a) Review the work of the Divisions and define those subjects of which an account should be given.
- (b) Appoint a suitable Officer, or Officers, to assemble the requisite material bearing on each of the subjects selected, and to prepare rough drafts.

Work on such drafts should be begun in anticipation of Mr. Curry's requirements, and these drafts should be sufficiently comprehensive to form a basis for a more detailed record of the work of the different Divisions than could be embodied in Mr. Curry's book.

D. P. [Signature]

DIRECTOR-GENERAL.

[Signature]
22/10/44

S.F. 50/24/44. 144A

MEMORANDUM

With reference to D.G. Circular 14/44 regarding the compilation of the history of the activities of the Security Service, will you kindly note that a special series of S.F. files has been begun for the purpose of filing material produced by the Sections for Mr Curry.

The idea is to have a special file for each specific aspect of the activities on which a Memorandum is produced.

Will you kindly instruct those Officers concerned to apply to Miss R.7. Country Ext. 243 for any file cover which they may require for this purpose.

151.

D.D.O.
19.11.44.

(Sgd) R. HORROCKS.

Distribution:

.A.	Camp 020
D.A.	L.R.C.
D.B.	R.C.
D.C&D.	O.C.
A.D.D.4.	M.S.
A.D.C.	Ops.
A.D.F.	Mr Curry
A.D.E.	

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ACT 1958. Nov. 198

27/11/44

RA 10/6. Pl see RA 10/6
D.D.O. (Mr. Horrocks).

2117
With reference to D.G. Circular 14/44, and your Memorandum of 19.11.44 regarding the compilation of the history of the activities of the Security Service, I should be grateful if you would circulate officers in the under-mentioned sections (who have yet to send in their histories) regarding the point made in your Memorandum that a special series of S.F. files has been begun for the purpose of filing material produced by the sections.

Each section, before it sends its papers to me should first send them to R.7. to be put into the special S.F. file allotted to them in this series. The series is SF.50/24/44 (), and the bracketed number typed beside each of the under-mentioned sections denotes that section's particular number in this series.

S.L.A. (3)	B.3.a. (38)
S.L.B.1. (4)	B.3.b. (39)
S.L.B.2. (5)	B.3.c. (40)
S.L.B.3. (6)	B.3.d. (41)
M.S. (8)	B.3.e. (42)
M.S./P.S. (9)	B.4.b. (43)
Room 055. (10)	B.5. (44)
Overseas Control (11)	Professor Briscoe (46)
D.A. (14)	A.D.C's Report (51)
A.D.A. (15)	Director of D. Division Report (5)
W.E. (16)	D.1. (53)
D.D.O. (18)	D.2. (54)
D.B. (21)	D.3. (55)
D.D.B. (22)	D.5. (57)
B.1.a. (23)	D.6. (58)
B.1.b. Mr Hart (24)	A.D.E's Report (60)
B.1.b. Mr Kellar (25)	A.D.F's Report (74)
B.1.b. Major Blunt (26)	F.2.a. (76)
B.1.b. Major Blunt, formerly	F.2.b. (77)
Major C. Young (27)	F.2.c. (78)
B.1.b. Sir Edward Reid (28)	F.3. (79)
B.1.b. Mr Milmo (29)	War Room (81)
B.1. Information (30)	
B.1.c. (31)	
B.1.d./U.K. (33)	
B.1.e. - Camp 020 (34)	
B.1.g. (35)	
B.1.h. (36)	

Room 707.
6.6.45.

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ACT 1958.

J.C. Curry.

Nov. 98.

22A
SF. 50/24/44.

MEMORANDUM

With reference to D.G. Circular 14/44, it is desirable that the Sectional histories be forwarded to Mr. Curry as soon as practicable.

Attention is again drawn to the special series of files - SF. 50/24/44 which has been opened for the histories.

Histories should be sent to R.7. (Miss Ext. 140 Country) for registration and filing before being passed to Mr. Curry.

D.D.O.
9.6.45.

Sgd. R. HORROCKS.

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ACT 1958.
Nov 98

TOP SECRETD.G.

I attach two chapters of the History in draft form. The correspondence you have recently shown me about Sir Findlater Stewart's enquiry suggests to me that for the fact finding part of his work he may find these useful. I would emphasise that they are very much in draft form and that I expect to compress them before finally finishing the History, but for the purposes of the History I cannot do this until all the chapters are written. I think, however, that in their present form they may be useful to Sir Findlater Stewart and that you may therefore like to glance at them with this object in view.

I have been led to suggest this mainly by the idea that they will serve to rebut the view which "C" is evidently going to put forward in favour of bringing the intelligence functions of the Security Service and of S.I.S. within the orbit of a united Intelligence Service, the corollary to which would be to separate the "getters" and "users". I think these two draft chapters show that the Security Service has certain responsibilities which could not be discharged by them if the getting of all secret intelligence was taken out of their hands and put into those of S.I.S. while the Security Service was left - as I believe "C" intends - to deal with the actual cases of arrested agents and their prosecution without having any part in the direction of means for obtaining intelligence in this country or abroad.

J.C.
20/4
J.C. Curry.

28.4.45.Mr. Curry

*You spoke & I subsequently
agree about showing these
two chapters to Sir F. Stewart.
I have since read them &
would like to discuss one
particular part with you.*

*D. Petrie.**29.4.45.*

11.

D.B. *Curry*
5/2

I had a discussion today with Masterman and Harris as a result of which we agreed that, subject to your approval, action should be taken on the following lines:-

It is of the first importance that we should have a proper assessment of the effect of the work of B.I.A. and also of the rest of this Organisation - both in regard to positive action in the way of deception and detection and equally the negative aspect of preventive measures - on the course of the war in so far as that may be feasible. In effect we want a comprehensive examination of the available evidence from German documents and other sources regarding the effects of our work. In order to assess these effects a comprehensive examination of the evidence is desirable in order to arrive at a satisfactory assessment. We were all agreed most emphatically that this does not mean that we should have a long massive document setting out all the evidence in which it would be difficult to see the wood for the trees. What is required is a selective treatment of the facts to bring out the important points and it is clear that some of the material already exists and that more may come to hand. For instance, there is evidence that the notional wireless evidence of the existence of the Fourth Army was so complicated that the Germans could not understand it that they therefore relied for their plan of campaign on B.I.A. agents. Again, there is evidence, according to Harris, that the high German authorities considered the holding of fifteen German Divisions in reserve to meet the threat of the Fourth Army was fatal to Germany. If these two points are fully established they are of the greatest importance from our point of view in this Office. There is also the question of the effect of various items in the field of deception and various items in the field of prevention or security.

Masterman suggests, and I agree, that no one could do this better than Harris, especially in view of his previous contact with Fleetwood-Hesketh and his special knowledge of the GARBO and other linked cases. We agreed that Harris should write a self-contained paper covering this subject as a whole but confining himself to the salient features that when this paper was finished I should use it as to fit into the general history.

J.C. Curry
J.C. Curry.

3.8.45.

I understand that you are in touch with Lt. Colonel Lennox.
12.

J.M.
D. C & D. Brigadier Allen.

7/8
Please see above minute with reference to your suggestions about Lt. Colonel Lennox obtaining this information.

J.C. Curry
J.C. Curry. /Min 3.

[P.T. Over.

13.

^{JCN}
B.1.A. Major Masterman.
B.1.G. Mr. Harris.

To see minutell, please.

JCN
J.C. Curry.

3.8.45.

14.

Mr Harris

Please speak on return.

5/8/45

JCN

Harris discussed this with me
& is writing his report.

JCN
13/10/45.

Mr. Curry.

After reading Chapter 4, I feel there is still an absence of certain important features about which there are important lessons to learn.

I may be wrong, but my impression in 1938/39 was that this Office, or some important elements in it, felt that war would see M.I.5 doing much the same job as in the 1914/18 war. People had the feeling that M.I.5 would be able to "run" security; that we should call the tune and that others would do what they were told. Apart from the complete fallacy of this position, other Departments knew very, very little of what we were doing and what we were planning. We had no Minister, we had no executive power. We were, in fact, isolated and inarticulate. There was no machinery, no central forum where we could present our views and persuade them to be accepted. This only came about when Swinton set up the Security Executive and at long last an organisation was provided where security matters could be discussed and implemented.

In order that future Chiefs can see our problems in the right perspective, I do feel that it is essential to outline the whole national security picture so that it is clear where our responsibilities begin and end. We know this now, but it was a closed book at the beginning of this war. Perhaps this will be brought out in a later chapter.

I think we had a good deal to do with filling in the detail of this picture. We saw old established Government Departments with no security staff; we saw new Departments grow up which had to shoulder serious security problems with no staff to do it.

If we were in a state of chaos, many other Departments were likewise engulfed in problems of expansion. Some of them turned to us for advice, others pursued their own line or did nothing. Fifth Column atmosphere and the fear of invasion gave us a good deal of work in introducing the Army to the Police and in smoothing our relationships generally between the War Office, the Home Office, M.I.5 and civil authorities. At the same time, national security involved the immense problem of educating the Public on careless talk and suchlike matters.

I hope you see what I am driving at, as the bulk of the material which I have read so far seems to be centred round 'B' problems, whereas there was this vast field of national security to be explored and organised.

Your account explains so clearly the chaotic state of the Office caused by the internment and Registry problems, but there are these other important lessons which ought to be recorded.

It looks as though post-war organisation is tending to the creation of a central intelligence organisation in the Cabinet Offices which one hopes will provide a suitable repository to house the framework on which national security can be built up again if necessary.

Another failing which I mentioned to you yesterday was the long delay in contributing to overseas security problems. The answer may well be that we were so engulfed with our own, but that only adds weight to the lessons which you have brought out.

D.C. &
26 Jul

Jul

[P.T. Over.

MINUTE SHEET.

Reference.....

TOP SECRET

Mr. Curry

I have read the contents of this folder with great interest and, if I may say so, they are admirably put together and easy to read.

As you invited some comments I would like to make a few points:-

There seems to be a noticeable absence both on the historical side and on current procedure, of reference to the overt defensive security organisations which incidentally have also produced or been the means of producing much valuable Intelligence during this war.

A further subject of considerable importance which does not appear so far, is the problem of preventing the leakage of information not through spies and agents but through perfectly loyal but careless people such as members of the Services, Government servants, ~~quayside~~ *quasi-* Government servants, crews of ships and the general public. An immense amount of advice and executive action has been provided by the Security Service during this war.

There is also no reference to M.I.5 (Ops) which is another semi-overt defensive organisation which has contributed much to the security of information.

I will not attempt now to write up these subjects but you may care to discuss at your convenience. My chief feeling is that you have written up very fully the detection and investigation side: you have described the preventative side mainly in terms of the legal measures necessary for preventive purposes (e.g. Defence Regulations): you have stressed the advisory nature of M.I.5's duties but there seems to be a large gap which might be included under the general term of "defensive security measures" some of which are by no means advisory but very much executive. For example, you refer to the wealth of intelligence extracted at the L.R.C. but the hundreds of people from whom this information was got were sent to the L.R.C. by Port Security Officers.

Defence Regulations give certain powers to the Government but the exercising of these powers by Secretaries of State has made a considerable contribution to the security of information. For example, the declaration of Protected Areas in Scotland and the executive control of travel to these areas has no doubt done much to prevent the leakage of information. The complicated system of controls built up in the south of England before D-day all fitted in to a comprehensive plan to tighten up the ring fence round this country. The point I want to make is that security is not necessarily achieved by studying and breaking up spy systems but, in these days of swift travel, by taking very careful steps to guard against the leakage of secrets through quite innocent persons.

Much more could be said on this subject but perhaps we had better discuss first.

Mr. Curry

D/C. & D.
27 Jun 45

[OVER

TOP SECRET

THE SECURITY SERVICE

ITS PROBLEMS AND ORGANISATIONAL ADJUSTMENTS

1908-1945

March 1946.

VOLUME I

N O T E

This history of the Security Service is prepared exclusively for the use of the Directorate of the Service and it is not intended that it should go out of the Office in its present form. It contains references to Cabinet papers which cannot be quoted or referred to in communications going to any other office. The same may apply to certain references to opinions expressed by various high officials at different times. It is essential to include these matters in such a report because they are cardinal factors in the development of the organisation and its constitutional position which cannot be correctly appraised without taking them into consideration.

It is a matter for decision whether an abridged version, from which these more secret references should be excluded, should be prepared for wider circulation within the Office for instructional and similar purposes or for any distribution outside it.

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END OF VOLUME I.

CHAPTER I

FUNCTIONS AND STRUCTURE

PART 1.

INTRODUCTORY

The history of an organisation cannot be properly understood unless we have before us a clear account of its functions and structure; of what it does or is intended to do and how it is shaped and adapted to meet what is required of it. In the case of the Security Service, formerly known as M.I.5., experience, from the time when it was first formed in 1909 onwards, has shown that while the essential functions have been recognised from the beginning and have remained constant, the internal structure of the organisation has been frequently changed. The changes have been due, almost entirely, to the necessity of development and adaptation to meet changing circumstances.

For present purposes it will be convenient in the first place to glance at certain general principles which govern the work of the Security Service and then to consider their application to its present and past circumstances.

The object in view is to put on record for future use an account of the experience gained, of the problems which presented themselves, of the machinery devised to deal with them and of the measure of success or failure obtained in practical working.

PART 2.

FUNCTIONS OR RESPONSIBILITIES AND POWERS

(1) General principles and their application to the Security Service.

Every organ of government has certain functions i.e. powers and responsibilities. If these are not clearly defined confusion inevitably results internally, i.e. inside the office concerned as well as externally, i.e. in relations with other offices.

Under the British constitutional and administrative systems, with their lack of logical finish, an exact definition of functions is often impossible. The resultant confusion sometimes has consequences seriously detrimental to the public interest, but it may at times

/lead

lead to flexibility and facilitate the cutting away of dead wood; and thus help the development of new growth.

If an organ of government has powers without corresponding responsibility an abuse of power is liable to result. If it has responsibilities without power to discharge them inefficiency and confusion are inevitable. Good organisation, therefore, implies a proper balance of powers and responsibilities.

Functions may be administrative, executive or advisory. Where the functions are purely advisory there are no powers of an executive nature and the responsibilities are limited to giving advice to the authorities which have executive powers and responsibilities.

Responsibility for the King's Peace, for the maintenance of Law and Order including the detection and prevention of crime rests with the Home Secretary and with the Police Forces working under the general supervision of the Home Secretary. Responsibility for the detection and prevention of a specialised form of crime, espionage and sabotage by the agents of a foreign power, falls to the Security Service working in close co-operation with the police. All these responsibilities are derived from that part of the Royal Prerogative which concerns the keeping of the King's Peace.

The position does not admit of an exact definition of relative responsibilities, but it is clear that the operative words in regard to these relations are "co-operation" and "goodwill"; and that the responsibility of the Security Service in matters of espionage and sabotage embraces a wider field than that of the police as a whole or of any single Police Force limited as it is to its own jurisdiction.

The Police Forces of England are essentially a part of that system of local autonomy which is the free English heritage; but the Home Secretary has a co-ordinating authority over the whole country. The Prerogative powers of the Crown are exercised by him, or on his advice, and the King is bound by the decisions of the Courts of Law under precedents which go back through the Bill of Rights and Magna Carta to the Norman who agreed to maintain the "good laws of Edward the Confessor", and beyond that to the coronation customs of the Saxons according to which the King bound himself to maintain certain specified laws and thus to that extent limited the power of the executive.

These precedents form the basis of the Rule of Law which is of the essence of our constitutional and administrative systems, in which may be found both a cause and an effect of the empirical workings of the pragmatical English mind. Here, then, are the circumstances in which the Security Service works and adapts itself to the changing conditions imposed by German aggressiveness, by Nazism and Fascism or by international Communism. Here is the antithesis of both these over-logical extremes and here is the reason for the frequent difficulties in the way of an exact definition of functions.

/To say

To say this does not mean that a definition of functions should not be attempted. On the contrary it is important that it should be restated from time to time - as the organisation adapts itself to changing conditions - if only to remove confusion of thought wherever possible and to indicate the lines along which fresh developments may be usefully directed.

(ii) Responsibilities

The primary functions of the Security Service are the detection and prevention in peace and in war of espionage and sabotage by an enemy. In the phraseology current inside the Service, detection is enlarged into "investigation" and prevention into "security".

There are secondary functions, which may often assume great importance, viz -

1. to obtain intelligence about the enemy's Secret Services and about other secret matters and -
2. to initiate or co-operate with the armed forces in action intended to deceive or mislead the enemy.

The employment of secret means to obtain intelligence about the enemy's secret services often leads to intelligence being obtained about other secrets of the enemy, e.g. intelligence about his strategical or tactical plans or his political or economic aims. This arises from the fact that the enemy may employ secret agents to obtain intelligence which will be of use to him in furtherance of his plans in the political, economic, strategical or tactical fields. Intelligence obtained by the Security Service in this way is, or should be, communicated to any Departments of the British, Dominions or Colonial Governments which may be concerned.

The primary functions - detection and prevention of espionage and sabotage on British territory or directed against British political or military secrets - are governed by the law of the land, the Laws most directly applicable being the Official Secrets Act, the Treachery Act and the Defence Acts. Espionage and sabotage being criminal acts are countered by action taken under the law to bring the persons guilty of them before a Court of Law or to neutralise or prevent their activities by measures taken in accordance with the law or regulations framed under the law. The crimes of spies and saboteurs are not of the same kind as crimes committed by individuals out of personal, human motives. Enemy agents act in collusion with other agents or with officers of the enemy Secret Services and their acts are therefore done in pursuance of a criminal conspiracy. War is a legal state, but espionage and sabotage are not legal acts of war. They are illegal acts even if they are committed under the instructions of officers of the enemy's armed forces; and they are acts which are liable to entail the death penalty.

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It is customary to indict the spy or saboteur but not the enemy officer who employs him even if, by an accident of war, he happens to be captured as a prisoner of war. (If he is captured in territory under British occupation he would be liable to be treated as a spy and not as a prisoner of war if concealing his presence). Nevertheless the fact that the enemy officer is a party to a criminal conspiracy in itself justifies the counter espionage service in making as full an investigation as may be feasible regarding the officer and the organisation to which he belongs. A knowledge of this organisation is also desirable as a means to more important ends.

This knowledge constitutes the Intelligence which the counter espionage organisation sets itself to obtain in order to facilitate further measures to counter the activities of the enemy Secret Service. These activities are a part of the enemy's military operations and may have an important influence on the course or even the outcome of the war; and in countering them the Security Service performs functions which pass beyond the realm of law into that of military operations. When the counter espionage service uses the Intelligence thus obtained to deceive the enemy it has passed completely into the latter field.

The functions of the counter espionage organisation are thus twofold: legal, which bring them within the province of the Home Secretary and the Law Officers of the Crown; and operational which bring them under the direction of the authorities responsible for the conduct of a war.

An estimate of the importance of the part played by secret intelligence and counter espionage in deciding a war - and consequently in some wars the fate of a nation - may be a matter of opinion and the practical achievements of these secret services may have varying degrees of value in different wars. No military authority is in doubt, however, about the vital importance of an adequate intelligence service, of which the secret intelligence or the organisation for obtaining information through spies is a part. (It may possibly be a diminishing part as a result of the development - and the immense advantages - of aerial reconnaissance). The great commanders of history, Napoleon among them, attached great importance and have in some degree owed their success to their secret agents. The success of the Germans in the Franco-Prussian War of 1870 has been attributed to the fact that the Germans had an elaborate spy system while the French were deficient in this respect and having no counter espionage organisation attempted to improvise one when it was too late. The circumstances of this campaign - the precursor of the modern wars of national effort - induced the widespread view among military authorities generally that a phenomenon such as the German Secret Service - it was partly based on the Police Force which is an essential part of the modern State and a representative development of the industrial age - made it necessary to provide for counter-measures in peacetime. A country threatened by military attack supported by such a system could not improvise an effective counter espionage service after war had started.

The organisation of the British counter espionage service, when it was originally formed in 1909, was therefore adapted to serve two aims: one legal and the other operational. This is a comparatively simple conception suited to the circumstances of the time and it proved adequate in August 1914. There was a straightforward - essentially military - problem and it admitted of a clear-cut solution. By advising the Cabinet to form M.O.5. - later M.I.5. as a part of the Directorate of Military Operations - the Committee of Imperial Defence aimed at securing the assistance of the Civil authorities, chiefly the Home Office, the police, the Post Office and the Customs to deal with a situation in which German interest in the East Coast of England recalled a similar inquisitiveness before the Franco-Prussian war. The counter espionage service was therefore constituted as a part of the military machine with the function of co-ordinating the relevant acts of these Civil authorities and directing them towards measures for the prevention and detection of espionage and sabotage.

Purely military ends are subject to the supreme directing authority of the State which may subordinate its strategical planning to political (or politico-economic) ends. In theory therefore - and sometimes in practice - the counter espionage service may be subject to the direction of the authorities responsible for the political direction of affairs, i.e. especially in times of peace to the Foreign Office. It is, of course, ultimately subject to the direction of the Cabinet, and it is perhaps for this reason, and also because no single Department can take the whole responsibility for it, that the appointment of the Head of the Service is made by the Prime Minister.

As the war of 1914-1918 developed, certain new factors came to play a great part, which had not been anticipated, in the political and economic fields. This was, to some extent at least, a consequence of the conditions brought about by the industrial revolution and the social changes and technical developments which accompanied it. The most prominent of these factors were the Allied propaganda services and the naval blockade of Germany and other parts of Europe under German occupation under the systematical controls of modern economic warfare.

These factors and the part which they played in conjunction with the military defeat of Germany in 1918, combined with the inability of the German General Staff and its Secret Service under Colonel Nicolai to counteract - as they attempted to do - the forces leading to a breakdown of German morale, appear to have been among the causes which led Ludendorff and other military minds in Germany to develop a new outlook on war. There is a considerable literature on this subject, but for our immediate purpose it may be summarised by saying that reversing Clausewitz they held that it was no longer sound to regard war as policy carried on by other means. They taught that policy, i.e. foreign policy, should subserve the strategical interests and objectives of the German Reich, and hence they went on

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to the doctrine of total war from which was developed that of "Krieg in Permanenz". All of this fell into place in the general conception of a German hegemony as a national aim, and the Nazi racial ideas of the "continuing community" and of the German State as embracing the whole German people, past, present and future whether in Germany or beyond its boundaries.

Again, Ludendorff's "sealed train" which had taken Lenin into Russia gave rise to new ideas on the subject of disintegration behind the enemy front and this was further developed by the Nazis in their use of another factor which is not new in warfare although it was given a new name, i.e. the so-called "Fifth Column", and to some extent a new form.

It is not new, but very old and it was common, for instance, in the wars between the Greek oligarchies and democracies. It was unknown to the M.I.5. which was responsible for counter espionage in the war of 1914-1918; and it has assumed a new form in the war between the modern democracies and the highly organised totalitarian States of today.

The term "Fifth Column" is subject to very loose usage in the Press and in public discussion and we have no exact description of its scope as conceived by the German Secret Services; by the Abwehr, the military Secret Service, or by Himmler's organisation, the Sipo und SD, both of which have resorted to methods of a "Fifth Column" type; or by the pre-war organisations which employed various forms of propaganda which aimed at influencing the attitude of English people towards Germany's aggressive policies. We can only judge by the results in this country or in Norway whose Quisling typifies certain forms of such action, or in France before the war, or in Poland in the autumn of 1939. The evidence about the German theory and practice in relation to the subject of the "Fifth Column" will be discussed more fully in the course of succeeding chapters with a view to arriving at a better assessment of their significance; so also will the cognate question of the extent to which the Communist Parties may fulfil a similar role. The crucial point to be considered here is the effect of the problem created by the "Fifth Column" on the shape which the organisation of the counter-espionage service should take and this will be dealt with in the final chapter.

"Fifth Column" activities may be illegal as in many instances in the Polish campaign of 1939 as described by the Polish General Staff. They may be outwardly and probably wholly legal as in the case of the pre-war Anglo-German Fellowship which owed its existence to German initiative but was largely financed - for purely business not for political reasons - by prominent English business houses; or of the pre-war British Union of Fascists when it was subsidised from German and Italian government funds.

In illegal matters the Security Service is responsible for obtaining intelligence about individual agents and about organisations; and for initiating preventive action by intercept or otherwise. The case of "Fifth Column" activities co-ordinated with the enemy's military operations has not occurred on British soil and no evidence of an active conspiracy for this purpose is known to exist. If such a case occurred on a scale sufficient to affect military

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operations it would call for military action supplemented by action by the Security Service; and the question of the failure of the Security Service to acquire adequate intelligence and provide for preventive action beforehand would arise. This involves a serious responsibility - perhaps the most serious one which falls on the Service.

In the case of "Fifth Column" activities which are not illegal - and cannot be declared illegal under a free democratic system - the responsibility of the Security Service is necessarily restricted to the acquisition of intelligence.

The functions of the Security Service, therefore, have never been defined but in practice they have covered the following fields:-

1. the detection in peace and in war of espionage and sabotage by the enemy or a potential enemy; and of any active conspiracy or organisation of a "Fifth Column" type;
2. the prevention in peace and in war of espionage and sabotage by the enemy or a potential enemy and of illegal "Fifth Column" activities;
3. the acquisition of intelligence about the Secret Services of the enemy; about their methods of espionage, sabotage and "Fifth Column" activities; and about their measures for carrying them out;
4. the initiation and furtherance of measures to deceive or mislead the enemy.
5. the communication of intelligence, if incidentally obtained, concerning the political, economic, strategic or tactical secrets of an enemy or potential enemy to the British authorities concerned.

Those under 1, 2 and 3 are executive functions in the sense that the detection and prevention of crime are executive functions of the police; and in the more important sense that they are measures for combating or countering the instruments of an enemy General Staff. Those under 3 are functions which are complementary to those under 1 and 2 in the same way as the police obtain intelligence about other forms of organised crime. Those under 4 cannot be dissociated from military operations or from the duties of military intelligence and operational staffs. The part which Security Service officers play in them is sometimes of a purely intelligence and sometimes of an operational nature. The nature of the preventive function should be clearly understood. It is to impose such restrictions as are reasonable and practicable in order to make it as difficult as possible for secret agents to maintain themselves in British territory without detection, to move about to acquire secret intelligence or to communicate it to a foreign Power.

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These are the essential responsibilities of the Security Service which is not, obviously, the ultimate executive authority in these matters. Its powers are limited in some respects while in others it has no powers and can only act in an advisory capacity.

(iii) General nature of the organisational structure.

At this stage it will be convenient to examine very briefly the general nature of the structure of the Security Service, i.e. of the machinery which has been devised to deal with the problems presented.

This machinery has two aspects: the internal organisation of the Security Service and its place in the machinery of government. In both of these aspects it has undergone important changes. In the early stages, from the beginning in 1909 and throughout the first World War, it was organically a part of the War Office but the nature of its functions, as described above, necessarily often brought them, even if they were exercised mainly or entirely in an advisory capacity, within the scope of other Government Departments and authorities, particularly of the Home Office and the Law Officers of the Crown. The position changed gradually after 1918 and there were two important reasons for this. One was that the change from a state of war to one of peace had the natural and obvious effect that while the War Office ceased to play an active role in the conduct of the nation's affairs and M.I.5., as it was still called, could no longer perform its operational function of assisting to mislead the enemy for the purpose of military operations, its responsibilities in the field of law and order for the detection and prevention of the crime of espionage were not in abeyance.

From 1909 until 1917 or 1918 M.I.5. devoted its attention almost exclusively to counter-action against the German Secret Service. No other Secret Service constituted a threat in the immediate, or even in the distant, future to this country; and in view of the necessity of economising resources and concentrating on the only danger of importance no serious attempt was made to uncover espionage by any other power if it existed. After the Russian Revolution, however, a section of M.I.5. was formed to deal with Russian espionage. It did not deal with the problems created by the Communist International and its secret agents which remained the care of the Special Branch of the Metropolitan Police, except in so far as Communist measures for disintegration work within our Armed Forces were concerned.

After 1931, however, the staff which had been dealing with the secret agents of the Communist International at New Scotland Yard was transferred to M.I.5. and the functions of dealing with the related subjects of Communism in Great Britain, Comintern secret agents and Russian military espionage became the functions of M.I.5. This was the second reason for a gradual change because this much wider function brought its daily activities more definitely and constantly within the scope of the Home Secretary, and

led to closer relations not only with the Metropolitan but also with the Police Forces of the United Kingdom as well as with the Police Forces of the Dominions and Colonies and India, all of which were concerned with the intelligence problems bearing on this threefold subject. This, in turn, affected the relations of M.I.5. with other Departments including the Dominions Office, the Colonial Office, the Foreign Office and the Services, which latter were directly affected by the existence of Communism among the personnel and Communist propaganda directed at the Armed Forces.

After 1934 a further step in this gradual process of change took place when M.I.5. was entrusted with enquiries regarding the British Union of Fascists and other Fascist organisations in the United Kingdom. The reason for this change was that there was ground for believing that the B.U.F. was not a purely British political party but that it had associations with foreign political organisations of a similar character and was largely financed by Mussolini. The relationship between the B.U.F. and German Nazis led to further enquiries regarding the N.S.D.A.P. which, in turn, resulted in intelligence being obtained regarding the first stages of German "Fifth Column" activity (although it was not called by this name at that time). This took the form of propaganda by numerous German agencies which aimed at influencing British public opinion in matters connected with the forward policy which was being pursued by Hitler in Europe. Intelligence regarding such matters obtained by M.I.5. was a matter of interest to the Foreign Office.

The Foreign Office is the Department which is nominally concerned with the financing of the Security Service and the grants appear before the House of Commons under that heading, but for practical purposes direct relations with the Treasury are maintained. The complicated nature of the relationship with the Foreign Office, the Treasury, the Home Office and the Service Departments induced in Major-General Sir Vernon Kell and other members of his staff the feeling that some more centralised control was desirable. It was felt that no one of the various Departments had a full sense of responsibility for the functions of security in the conditions which arose between the wars and accentuated an anomaly which might have been less insistent at any other time. One proposal was that the Service should be placed under the direction of some centrally placed Minister without departmental responsibility, the ground being advanced that if it submitted advice to a Department on a security question and if that advice were rejected it had no redress; and that if the matter should ever get as far as the Cabinet there was no one to represent the security point of view. It was urged that it was inappropriate that it should be placed under the Home Office or any one Department. In his report on the Security Service in May 1940, Lord Hankey remarked that for twenty-five years he had been aware of a desire on General Kell's part that the Security Service should be attached to the Committee of Imperial Defence so that it would fall within the sphere of the Prime Minister. Lord Hankey added that, as Secretary to the Committee of Imperial Defence, he had always felt that it would be inappropriate to saddle the small Secretariat of an Advisory Committee with so large a Sub-Department.

/In June

In June 1940 the Security Executive was created under Lord Swinton as Minister without Portfolio and the Security Service came under his direction through the new machinery known as the Security Executive, details regarding which will be found in Chapter IV.

Such have been the changes in the nature of the Security Service in so far as its position in relation to the more important parts of the machinery of Government is concerned.

Later developments will be discussed in the Chapters dealing with the present war.

As regards the internal organisation of the Security Service, the "historical report on the work of the preventive branch" prepared at the end of the first World War remarked that -

"the work and consequently the organisation.....
..... is naturally divided into two main
branches -

(1) investigation of cases involving a
definite suspicion of espionage and -

(2) the construction of legal and administrative machinery calculated to embarrass and, if possible, frustrate such attempts in general and for the future.

The first branch deals with the cure of hostile espionage and the second with its prevention. "

This report goes on to describe the formation of a third branch which included the Secretariat and "that very important organ the Central Registry of all counter espionage information possessed by the British Government".

This third branch eventually developed into one dealing with all matters of internal administration and finance. During the course of the first World War the preventive branch developed two subsidiary branches, one of which dealt with Port Control and the other with liaison with the Dominions and Colonies on the preventive side of the work. During that war and afterwards there were numerous slight changes, especially changes of nomenclature. For instance, the administrative branch was in turn known as "C", "H", "O" and "A", with corresponding changes in the others, and this fact makes it difficult to detail the history of the three main branches and their subsidiaries without becoming involved in a confusing mass of detail. This presents all the greater difficulty as after the war, when the Organisation shrank to very small proportions, the outlines of the preventive branch and that for internal administration became blurred until, eventually, the preventive branch almost disappeared except for the work on wartime legislation, under the Deputy-Director, and arrangements for vetting persons applying for various positions in the Services or in Government Departments, applicants for naturalisation and applicants for commissions with foreign parentage. (It should be noted that vetting here and elsewhere in this report refers to the purely negative test

/against

against Security Service records; and not to any positive examination or enquiry).

Apart from this legislative and vetting work the preventive branch had, with one exception, virtually disappeared in peacetime, because its chief functions such as those relating to the internment of enemy aliens and Port Control as exercised through M.I.5. staff had naturally lapsed. The exception was D Branch which was developed during the thirties and consisted of officers who may be described as being projected into the Security Service from the War Office, Admiralty and Air Ministry. Their functions are concerned with security in munitions and aircraft factories, arsenals, dockyards, railways, utility undertakings generally including gas, water and the electric power system as possible targets for spies and saboteurs. The responsibility for dealing with both the preventive and detective aspects of matters relating to Communism when it was transferred from Special Branch in 1931 therefore fell on the investigation branch, which had previously had a more limited outlook as a purely military organ for counter-espionage. As this branch became increasingly concerned with enquiries into matters relating to the Communist Party, the British Union of Fascists, the N.S.D.A.P. and the Italian Fascio, the dividing line between the preventive, detective and intelligence aspects of this work came to be non-existent and both preventive and detective work came to be solely the concern of one branch, which simultaneously developed a predominating interest in obtaining and utilising intelligence. Thus it happened that when war broke out in 1939 B Branch, as the investigation branch was then called, had assumed responsibilities for some aspects of the preventive work, but not for vetting, that relating to port and travel control, "military security" or the D Branch duties mentioned in this paragraph.

There are two important auxiliaries of the investigation branch. One is the section which deals with the employment of secret agents for counter espionage purposes and for obtaining information about organisations such as the Communist Party, the British Union of Fascists, and other similar bodies. Other agents have also been employed directly by some of the investigation sections. The second auxiliary is the shadowing staff. This actually came into existence under the War Office prior to the appointment of Captain Kell. A detective named W. Melville, M.V.O., M.B.E., was employed with effect from the 1st December, 1903. Before and during the first World War the section was actively engaged in watching and reporting on German agents but from that time onwards it has been largely concerned with shadowing Russian agents and Communists with occasional cases of Japanese, German and other suspects. The circumstances of the present war have given little opportunity for this type of investigation as enemy agents have, generally speaking, been captured very soon after arrival, or have operated under control.

Developments after the outbreak of the war will be discussed more fully in a later Chapter.

(iv) Powers

The powers of the Security Service and of members of its staff naturally vary greatly in peace and in war, and the position has been very different in the second as compared with the first World War. In the earlier case the interrogation of spies and persons suspected of espionage was conducted as a rule by the police, Sir Basil Thomson, the Assistant Commissioner of Special Branch, being personally concerned in a large number of cases. Between the wars spies were few and far between and in such cases it was the rule that the handling of the case was entrusted to the police at the earliest possible stage, M.I.5. officers acting in an advisory capacity in the light of their special information and knowledge.

In the second war the position was entirely changed by the establishment of Camp 020 at which the interrogation of spies was done by Security Service officers under circumstances which will be described more fully later. It may be mentioned here that this arrangement gave important added facilities for obtaining intelligence by listening in to the conversations of known spies or suspects and by the fact that they were in the custody of an officer of the Service and not in police custody. A similar radical change was created by the institution of the London Reception Centre where travellers arriving in this country who were in any way suspect were detained for a limited period and interrogated. These two institutions gave the Security Service powers of a very different nature from anything which it had previously possessed to discharge its responsibilities. They gave it powers which enabled it to catch individual enemy agents through an immense documentation at the L.R.C. known as the Information Index and through interrogation based on that Index; and through intelligence amassed by more comprehensive and detailed interrogation at Camp 020. All this intelligence in turn made it possible, when taken in conjunction with interception of enemy communications and the control of captured enemy agents, to form an adequate view of the enemy organisations on which to base further plans for counter-action and measures, co-ordinated with military operations, to deceive the enemy. Thus the power to play a positive part both in defence and in attack was conferred on the Service.

As regards specific powers given to officers of the Service, the most important were those under Warrants from the Secretary of State giving powers under the Defence Regulations. The Warrants authorised a number of senior officers, including the officer in charge of the L.R.C., to exercise the following powers on behalf of the Secretary of State:-

Under Regulation No.5 relating to the control of photography, etc. - as a person acting on my behalf for the purposes of that Regulation.

/Under

Under Regulation No.11 relating to the carriage into or out of the United Kingdom of certain prohibited articles by travellers:- as an Appropriate Officer under paragraph (9) (c) for the purposes of that Regulation.

Under Regulation No.12 relating to Protected Places:- as a person acting on my behalf for the purposes of that Regulation.

Under Regulation No.19 relating to the departure of ships and aircraft:- as a person authorised by a Secretary of State to act for the purposes of that Regulation.

Under Regulation No.25 relating to dangerous premises:- as a person authorised by a Secretary of State to act for the purposes of that Regulation.

Under Regulation No.80A relating to requests for specified information or articles:- as a person acting on my behalf for the purposes of that Regulation.

Under Regulation No.88A relating to entry and search of premises:- as a person authorised by the Secretary of State to act under paragraph (3) of that Regulation.

Limited Warrants under 80A and 88A, as above, were issued to a number of officers including the Regional Security Liaison Officers. Other powers given to a few officers are under Article 7(4) of Aliens Order; Arrival from British or Foreign Territory Order 1943; and Article 15A of Aliens Order 1920. Two officers of the Service are authorised to exercise the powers of a Superintendent of Police under the Official Secrets Act.

(v) Action in an Advisory capacity.

While the powers to act under various provisions, as described in the last paragraph, have been conferred on a number of officers, the view has generally been taken that, as far as possible, Security Service officers should refrain from using these powers except in an emergency and that, wherever circumstances allow, the police or other authorities should be advised to take the required action. The reason for this is that it is desirable that officers of the Security Service should come into the open as seldom as may be and that there are advantages in securing

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the co-operation of the police wherever executive action such as searching or arresting is required. In the case of persons detained at Camp 020 or the I.R.C., the advantages accruing from the exercise of executive functions cannot be over-estimated, and the procedure adopted has resulted in the accumulation of a vast and highly documented corpus of intelligence material which certainly would not have ensued if the methods adopted in the last war had been followed.

In regard to the more important preventive measures such as the internment of aliens and the arrest and detention of British subjects under the Defence Regulations, the Security Service has no executive but only advisory powers. If the initial action has been taken on the advice of the Security Service the Home Secretary has availed himself of the services of Advisory Committees appointed to examine each individual case.

In the relations with other Government departments the functions of the Security Service have been almost entirely restricted to giving advice or furnishing intelligence.

In matters relating to measures for deceiving the enemy, the action of the Security Service during the earlier war was of a very limited kind. In the last one this action has been developed on far bigger lines based on a large conception of control and co-ordination exercised by the Allied Staffs, the Home Defence Executive and the Security Service through the XX Committee and the W Board. The latter, which consisted mainly of the Directors of Intelligence and of the Home Defence Executive, was responsible for the policy of the XX Committee. This Committee's functions have not been clearly defined, but its chairman, an officer of the Security Service, has directed its activities with a view to fulfilling its primary purpose - that of acquiring counter espionage intelligence - through securing the co-operation and goodwill of the Services in the matter of supplying Service information to enemy agents under control. Out of this limited purpose has arisen the secondary but larger one of assisting actively to deceive the enemy in regard to our own strategical plans in addition to the more passive role of using our counter espionage machinery to prevent him from obtaining political, economic, strategical and tactical intelligence.

A detailed description of the elaborate machinery which was gradually built up in order to serve these purposes will be given in a later Chapter. The facts are briefly mentioned here to illustrate the point that the organisation of the counter espionage service must be adapted to serve operational as well as legal ends. Experience has shown that the machinery for these operational purposes could not be worked efficiently if it were not closely integrated with that concerned with the detection of enemy espionage and with the accumulation of general intelligence on the subject of the enemy's Secret Service organisation.

(vi) Liaison with other Departments and Authorities in the United Kingdom; with Dominions and Colonies; and with Allies.

We have seen above that in its main function, the Security Service necessarily has a very close liaison with the Home Office and the Operational Staffs. There is also liaison with the Home Office and with the Service Departments on the subject of undesirable elements in the Armed Forces and on matters connected with propaganda and other activities aimed at subversion. If these are the most important contacts, liaison is also necessary on various counts with the Foreign Office, Dominions Office, Colonial Office, the Ministry of Economic Warfare, Censorship and the police, to mention those next in importance.

During the earlier war the Censorship played an important part in detecting German agents, many of whom used the postal and telegraph services to transmit information from the United Kingdom to the continent and a number were detected by this means. In the present war Censorship has been responsible for the detection of messages sent by microphotography, mainly between the Western and Eastern hemispheres, and for a series of letters concealing secret writing emanating from parts of the Comintern organisation or from the Russian Secret Police in the Western hemisphere. Censorship has also produced very voluminous information of a general intelligence nature. It has only led to the detection of a single spy in the United Kingdom but its operations have been of value to the Security Service in a negative sense.

Relations with the police have always been regarded as involving one of the most important aspects of the work of the Security Service. As has been mentioned above, the police have responsibilities in connection with espionage and sabotage; and executive action in such cases is frequently taken by them. They are also important sources of information on almost all aspects of the work. Previous to the second World War relations with them were maintained through direct correspondence, but in 1940, under the threat of invasion, R.S.L.O.s were appointed to the twelve Regions into which the United Kingdom was divided and these officers acted as a filter between Head Office sections and the police and were responsible for maintaining good relations in which noticeable success was achieved. They also played a useful part in maintaining good relations with the local military authorities and, almost more important, as interpreters in security matters between those authorities and the police.

In all these connections liaison may affect both the detective and preventive sides of the work and details will be found in the description of the general history of the Service which follows as well as in the sectional records which have been prepared separately.

/Liaison

Liaison with the Dominions and Colonies is arranged through machinery, which includes the section known as Overseas Control, through Defence Security Officers at a number of important points - which number, however, has varied from time to time - and through the military, the police or other authorities in all five Dominions and nearly all Colonies, Protectorates and Mandated Territories, including some of the smallest such as Mauritius or the Falkland Islands. Of special interest are the relations with Intelligence Centres such as S.I.M.E. and C.I.C.I.; and the remarkable but in the circumstances generally satisfactory terms with the security authorities in Eire.

Many of these contacts were arranged during the first war and were maintained throughout the inter-war period although in the case of most of the smaller islands correspondence was intermittent and at times almost non-existent. Important information such as papers prepared on the NSDAP and on the opportunities of espionage presented by the position of German business houses and organisations and information in the shape of an overseas bulletin (discontinued after July 1944) was circulated to all but the smallest Colonies. In 1930 the Deputy-Director visited India, Colombo, Singapore, Hong Kong, Shanghai and Ottawa in the course of a tour in connection with the establishment and development of liaison with the Dominions and Colonies, but no systematic arrangements for maintaining contact by visits of this kind have been made.

Relations with the Allies have normally been a function of S.I.S. but in the first World War M.I.5. established "Military Control Officers" and "Military Permit Officers" in Paris, Rome, New York and at certain ports (in the case of neutral countries this was done through M.I.1.C. as S.I.S. was then called).

Between the wars, by agreement with S.I.S., special contacts were maintained with the Deuxieme Bureau in Paris and the American Embassy in London. The former was concerned mainly with German espionage and the latter with enquiries and information about Communists, but towards the end of the period the investigation branch exchanged information with the American Embassy regarding suspected Germans. These arrangements continued after the outbreak of war until the F.B.I. attached its own officers to the American Embassy for the purpose of liaison with the Security Service. This liaison covered Communism as well as matters relating to counter espionage against the enemy.

As the various Allied Governments established themselves in London after their countries had been overrun by the German armies, liaison on security matters was established by B Branch (and afterwards carried on by E Division). This liaison covered cases of their own nationals who came under their or our suspicion in this country. Liaison with the Allied counter espionage services in London was also effected in connection with

/interrogations

interrogations at the London Reception Centre in which they were sometimes interested or were in a position to render assistance where their nationals were concerned. S.I.S. also maintained relations with the Allied Intelligence Services in London in connection with matters of mutual interest outside this country.

(vii) Functional relations with S.I.S.

To understand the functional relations between the Security Service and S.I.S. it is necessary to refer to the functions and structure of the former as outlined in (ii) and (iii) above and to describe in outline the organisation of the latter. Very briefly, it consists of "circulating sections" each of which has the function of communicating the appropriate intelligence to one of the Services or Departments including the Foreign Office, the War Office, Admiralty and Air Ministry. Among these circulating sections Section V communicates intelligence to the Security Service and it is the sole channel of communication in normal circumstances between S.I.S. and the Security Service. S.I.S. obtains its intelligence through representatives abroad, some of whom have the functions of Passport Control Officers. The Passport Control Officer is also part of the preventive machinery on which the Security Service depends, both in peace and in war. He is part of the preventive machinery in the sense that by applying intelligence about suspect individuals he may move the authorities concerned to prevent spies, enemy agents or Comintern agents from entering British territories or, during military operations, the zones of British Armies operating abroad. His normal duties bring him in touch with the police or the military security authorities of the country to which he is appointed. Their functions being analogous with those of the Security Service he inevitably obtains information from them in matters of common interest; but this common interest involves a certain delicacy because it implies some degree of alignment between the foreign policies of the two countries. The Passport Control Officer's functions are naturally associated with those of obtaining intelligence either by obtaining information from applicants for visas or by the employment of secret agents. Reports from S.I.S. representatives abroad are communicated to Section V as a circulating section and under the arrangement by which the M.I.5. Registry contained the records of all counter espionage information available to the British Government all this intelligence should be communicated to M.I.5. (the Security Service) whenever it has a bearing on counter espionage matters of sufficient importance for it to be kept on record for future use.

The main function of Section V is to provide and develop means to obtain secret intelligence from abroad about enemy or potential enemy Secret Services and their agents, and similarly about the Comintern as an international organisation and an instrument of the Soviet Government employing secret agents and conspiratorial methods.

/S.I.S.

S.I.S. also has other functions which relate to the collection of counter espionage intelligence in that it is responsible for the organisation and control of the Services known as R.S.S. (Radio Security Section), R.I.S. (Radio Intelligence Section) and G.C. & C.S. (the Government Code and Cypher School) which deal with the interception of enemy or potential enemy communications by wireless or telegraph including communications of a diplomatic and military as well as of a Secret Service nature.

By all these means it obtains a mass of intelligence, some of which is communicated to the Security Service as subserving its purposes.

Some of this information is recorded by Section V in the S.I.S. Registry, but that Registry has always been a very small body and the acknowledged practice in the past was that as full carding could not be done by it the Security Service Registry should undertake that responsibility as far as its much larger - but still limited - means allowed. The staff employed in the S.I.S. Registry numbered from about twenty before the war and was increased to about forty between 1939 and 1944. The Security Service Registry staff varied between about eighty before the war and nearly four hundred in 1941.

In 1941, however, it was decided that the overall responsibility for carding names and addresses in foreign countries should fall on S.I.S. and that the Security Service Registry should not card them except when they were of special and more than local importance; and this decision caused a fundamental change in the functional relations between the two Services. As the staff of S.I.S. Registry was not proportionately increased it was unable to provide for full carding or for systematic arrangements for filing by which all the intelligence obtained could be rendered readily accessible. A separate card index of the intercepted wireless communications of the German Secret Service (the Abwehr, the Sipo und SD) was, however, set up by Section V, i.e. entirely separate from their Registry.

As a result of this change the M.I.5. claim at the end of the last war that their Central Registry was the repository of all counter espionage information available to the British Government was no longer fully valid. At the same time, and on this basis, Section V claimed more definitely than they had previously done that counter espionage matters outside the three-mile limit of British territory were no concern of the Security Service but were solely to be dealt with and recorded by themselves. This would seem to imply that Section V should be responsible for the collation of all counter espionage intelligence relating to matters outside British territory and for action to be taken in that connection. This they claimed to do in theory, but they were unable to achieve collation in practice for lack of suitable and adequate staff. The only action which can be taken by S.I.S. on this intelligence - under the limitations imposed by circumstances - is the collection of further intelligence

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and, to a limited extent, communication -

- (1) to the Security Service when a spy or suspect enters British territory or when the intelligence is directly connected with any matter inside British territory in which the Security Service is actively interested and -
- (2) to the Foreign Office whenever it is of sufficient importance as having a bearing on questions of foreign policy.

Post hoc, if not entirely propter hoc, the relations between B Division and Section V deteriorated and went through a period of considerable difficulty which was aggravated by the incompleteness of the S.I.S. records. Even if they had been complete, difficulties would necessarily arise from the need for obtaining traces from both Registries in a very large proportion of cases where a "look-up" was desired in either organisation. If the "look-up" produces a trace in the other Registry or in both Registries collaboration between the sections concerned in both organisations becomes necessary in order to make available all the relevant information about the individual or the subject in question.

Briefly, the position is that Section V in the course of the developments of recent years has come to occupy a position entirely different from that of all other S.I.S. circulating sections. It claims the duty of collating and carding intelligence outside the three-mile limit and the right to withhold information from the Security Service whereas in the other cases the function of the circulating section is to supply secret intelligence to the Department which collates it with intelligence received from other sources. The result is that the material derived from secret sources dealing with counter espionage matters, including individual spies or Communist agents, has been split into two parts rendering co-ordination and collation more difficult and more liable to errors and omissions than would be the case if complete carding and all collation were done in one Office.

The Security Service has, however, received intelligence material direct from R.S.S., R.I.S. and G.C. & C.S. and Committees dealing with their material, under the chairmanship of Security Service officers, have provided for co-ordination and made available to the Security Service the valuable results derived from the intercepted wireless communications of the Abwehr and the Sipo und SD. R.S.S., R.I.S. and G.C. & C.S. have combined to produce important papers based on an analytical study of the internal evidence in the texts of these intercepted communications. This work, combined with information obtained by the Security Service from its interrogations, its double agents and other sources, has helped to expose a very full and detailed picture of the German organisations, their methods of work and their agents, all of which has been recorded in a number of reports prepared by the various organisations interested and circulated to those concerned. This mass of information has, in turn, been made available, wherever desirable, to the Supreme Headquarters of the Allied Expeditionary Force for counter espionage purposes.

/Further

Further details regarding the functional relations between S.I.S. and the Security Service will be found in later Chapters and in some of the sectional reports. These relations have been discussed here at length - but only in outline - on account of their intimate connection with the functions of the Security Service and because they present a difficult problem which is the subject of controversy and is not yet solved.

(viii) Functional relations with Service
Intelligence Staffs in London and in Operational Zones.

The secret intelligence derived from the interception of enemy Secret Service communications, i.e. counter espionage intelligence, is furnished direct by G.C. & C.S. and other parts of S.I.S. to the Directors of Intelligence of the three Services where there is an operational interest. In the same way any intelligence obtained from Security Service sources which may have an operational interest is also communicated to them. In connection with these matters direct liaison is maintained with several sections in the directorates of intelligence such as those receiving intercepted wireless material (M.I.14) and those dealing with prisoners of war (M.I.19) from whom Secret Service intelligence as well as operational intelligence is sometimes obtained.

When British and Allied Forces are conducting military operations abroad there is inevitably a close connection between the activities of the enemy Secret Service against those forces and those against their bases in British territory. The operations of enemy agents and the machinery for controlling them are under centralised direction even when they cover different fields of operations. In this sense, just as the strategical direction of the war has been described as indivisible, so counter espionage may be described as indivisible whether it is dealt with by the Security Service or Section V or by the I.B. Staffs in the zones of operations. To meet the conditions imposed by the above facts and to serve the needs of the staff in the field an organisation known as the War Room was formed in March 1945. It consisted of staff from OSS (the American Office of Strategic Services), Section V of S.I.S. and the Security Service, was based on the records and on the information available to these three Services, and co-ordinated their work with that of the I.B. (G-2 CI) Staffs under SHAEF. Counter espionage during the Mediterranean operations in the second World War was handled by S.I.M.E. in collaboration with Section V and the Security Service, but in the campaign in Burma the Security Service has played little part except in an advisory capacity and by assisting with trained personnel, counter espionage being handled from the headquarters of that theatre of war and by the Indian authorities.

This whole subject will be treated more fully in the Chapter dealing with the second World War.

(ix) The scope of the Security Service

The scope of the Security Service includes the countering of espionage directed against British territory and British military and political secrets in the broadest sense by any Power in the world. It has also been expanded to cover revolutionary movements such as International Communism and Fascist movements with international ramifications. Both of these extreme movements are frequently described as subversive, a term which presents some difficulty and sometimes tends to confuse the issues. Their real significance and their relevance arise from the fact that Communist and Fascist organisations have been the instruments of foreign Powers and have been, or are, potential nuclei of a "Fifth Column".

It has not been definitely laid down in any charter whether the Security Service has been entrusted with duties in connection with these revolutionary movements because they are, or have been, the instruments or potential instruments of Germany, Italy or Russia, whether in pursuance of "power politics" or as an ancillary to military to military operations and for the purpose of disintegration work; or because, as revolutionary movements inside this country they are, or tend to be, directed against the Constitution. It has not been decided, in any definite or authoritative sense, whether it is the function of the Security Service to deal with such movements qua revolutionary movements in this country. It was, however, only when there was good reason to believe that Sir Oswald Mosley's visit to Italy was connected with arrangements by which he was being financed on a considerable scale by Mussolini that the Government decided that the Security Service should undertake an intensive investigation of the activities of the British Unions of Fascists. This was started early in 1934.

Since it was formed as M.O.5. under the War Office in 1909 the Security Service has only devoted serious attention to counter-action against the German Secret Service, the Nazi and Fascist (British and Italian) organisations, the Russian Secret Service and the Comintern - which as suggested above, is to be viewed not merely as an international organisation as it is in theory but as an instrument of the Government of the U.S.S.R. as it is in fact. To a far smaller extent active work has been undertaken to deal with the Japanese and the Italian Secret Services. Since 1909 no other Power has made or threatened to make war against this country except the satellites of Germany in the two wars. No serious or organised espionage directed by any of these satellites or any other Power has come to notice and there has therefore been no occasion to develop an organisation for the purpose of combating them.

Since 1931, however, when the Security Service became responsible for detailed enquiries into the Communist movements in the United Kingdom, for liaison on this subject with other British countries and for a general study of the bearing of international

Communism on these affairs, it has in fact, sometimes without any definite mandate, kept itself informed of the development of other movements and organisations which might develop tendencies likely to affect the British war effort or to bring them into conflict with the Constitution. They are often matters of "Intelligence" rather than counter espionage. Thus the Security Service has kept itself informed, sometimes rather superficially, of such movements as those of the Trotskyites, the Anarchists, the Scottish and Welsh Nationalist movements, Jehovah's Witnesses, Pacifist movements, Polish intrigues, the Palestinian terrorists, the Greek nationalists in Cyprus and others. The guiding principle is that while a serious attempt to penetrate such movements may not always be necessary, the Security Service ought to be informed at least in a general way in case such a movement may develop more serious aspects. For instance, the Trotskyites may become involved in strikes in wartime, and in such cases the Home Office may at any time desire to have an assessment of the importance of such movements. The Security Service is in a better position to examine them whether in relation to international movements or otherwise than are Special Branch and, *eo fortiori*, the various other police forces. Again, Polish or other 'Right Wing' Europeans may attempt to involve this country in international complications.

These - generally minor - matters are dealt with by the Security Service as a matter of convenience but they often do not come strictly within the four corners of the purpose for which it was originally established unless the function of acquiring 'straight' intelligence within the United Kingdom is accepted as a positive and permanent commitment. There have been, however, on rare occasions more important matters, the investigation of which has been entrusted to the Security Service as a special measure. For example certain delicate enquiries were made under the Prime Minister's directions in connection with the abdication of King Edward VIII. These were matters touching on the Constitution and ultimate issues of sovereignty and were very far removed from any question of guarding the King's Realm from penetration by external enemies or of rebellion by a section of the King's subjects. They involved its innermost integrity; and the enquiries were entrusted to the Security Service because no other suitable machinery existed for the purpose while its head, Sir Vernon Kell, had during a long period of service earned the respect and confidence of the highest authorities. So long as the Security Service occupies this position it is likely to be used on these rare and special occasions; and this fact is a powerful argument for requiring that its personnel should always be selected with special care and should be free from any political involvement or other ground which might cause doubt of their integrity. If the Security Service did not exist some special *ad hoc* body would have to be created under the Prime Minister or the Home Office, as the case might be, as was done, for instance, at the time of the Cato Street conspiracy.

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To recapitulate, the functions of the Security Service are naturally divided into -

1. detection or investigation
2. prevention or security
3. intelligence including ~~including~~ records, and -
4. active deception of the enemy.

The first three are closely inter-related and from the beginning the organisation was adapted to deal with them being divided into three branches known as the preventive, investigation and administrative branches, the records being placed under the last-mentioned. The different conditions which govern the practical working of the Security Service in peace and in war and the complications caused by the development of Communism on the one hand and Nazism and Fascism on the other, as potential component elements of the so-called "Fifth Column", helped to induce a blurring of these functions internally in the period between the wars. Further confusion arose through the developments connected with the functional relations between the Security Service and Section V of S.I.S. and the failure of the latter before the war to obtain good inside information about the German Secret Service - a very difficult task and one in which exceptional luck as well as skill may be necessary for success.

In consequence of the development of international anarchy and of the revolutionary movements of the 'Right and 'Left' during the last forty years the main effort of the Service has been concentrated on measures for dealing with the two real threats to British security; that of Germany and her allies and that of Russia as a powerful military State controlling the Comintern organisation and utilising the National Communist Parties all over the world as an instrument of policy.

The action taken towards countering the German and Soviet Secret Service organisations - including those of the associated political Parties, Nazi, Fascist or Comintern - furnishes, therefore, the two main themes of this report.

CHAPTER II

REACTIONS TO FOREIGN DEVELOPMENTS
IN PEACE AND WAR

NOTE

Chapters II to V contain a description of the problems presented to the Security Service during the period 1909-1945 and include references to the machinery devised to deal with those problems from time to time. Counter espionage and security being essentially a reaction to the actions of others can only be appreciated in terms of those actions. This report is not intended to be a mere statement of the framework of the organisation of the Security Service, but an account of its responses to its environment, inside this country in relation to other parts of the machinery of government and externally in its reactions to developments especially in hostile or potentially hostile countries and to the actions of their Secret Services or of secret agencies such as those of the Comintern.

P A R T 1.

THE GERMAN THREAT 1908-1914

(1) The origins of M.I.5. - in the War Office and the Admiralty in 1908.

During the long period of peace after Waterloo there was no British Secret Service (except for a small ad hoc organisation during the Boer War) and no counter espionage or security service. There was, however, a section of the General Staff employed under the Director of Military Operations which dealt with secret service and in 1908 the officer-in-charge of this section was Colonel J.E. Edmonds (later the official historian of the Great War of 1914-1918). He had studied the German army from the time when he was in France during the German occupation after the war of 1870, and in 1891 was able to acquire an insight into the methods adopted by the German General Staff as a result of the situation at that time when there was an exchange of information in regard to Russia between them and the British General Staff. On returning from a visit to Russia, made on behalf of the Intelligence Division of the British General Staff, Colonel Edmonds was ordered to report at the Ministry of War in Berlin and thus got into touch with a number of officers including Major Dame, head of the German Secret Service or Nachrichten Bureau in the Herwathstrasse. The Nachrichten Bureau then had two branches, one of which conducted investigations in France and the other in Germany. Colonel Edmonds and Major Dame maintained a personal friendship and contact until 1900 when the latter was removed from his post on account of his pro-English attitude. He was replaced by a Major Brose who was known for his anti-English views. Shortly after this Colonel Edmonds learned from several sources that a third branch of the German Secret Service had been formed to deal with England. Among the sources from which confirmation of this information was received were reports from a British officer serving with the International Contingents in Peking and from French officers connected with their own Secret Service. (105)

Detailed information was received about the German methods of collecting intelligence in peacetime including, inter alia, a study of maps and points of military importance (such as docks, bridges, magazines, railways and other objects which it was intended to damage on or before the outbreak of war). Intelligence of this kind was obtained from German official sources including those of attachés, diplomatic and consular officials, or officers and officials making official visits, as well as from officers and scientists sent on secret missions. All this was supplemented by the purchase of secret information and espionage.

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These peacetime methods gave place in time of war to a system under which secret agents were employed in the midst of the enemy forces or in their rear. Thus in 1870 there was a German collecting agent at Lyons who forwarded all despatches to Geneva whence they were telegraphed to Germany. Other agents were employed to effect demolitions and a third class were instructed to travel to the enemy frontier where they were distributed to act as guides to the invading German army. These three classes of agents were apparently employed by the Germans with success in the campaign of 1870 and played an important part in the initial successes of the German army.

In 1908 it was reported that information had been received from a number of private individuals which indicated that a German espionage system on the lines which had been successful in France was being developed in England. It was emphasised that the War Office had received no reports from the police but that some Chief Constables had made enquiries when asked to do so; they had, however, made the General Staff understand that it was not their business. Late in 1908 the War Office had learned that the section of the Nachrichten Bureau which had been set up to act against England had established a branch in Brussels for this purpose and that the head of the Brussels branch was coming to England via Ostend. They therefore asked the head of the Criminal Investigation Department to allow his men at Dover to watch for the man among the arrivals by the boat, but that officer felt compelled to refuse on the ground that the man was not a criminal and that if the matter leaked out there might be awkward questions in Parliament. The Director of Military Operations who was informed of this considered that as the information which they had received indicated that the man was coming to interview certain new agents who were British subjects it would have been useful to learn the names of the persons with whom he got into touch.

The subject was discussed between the Director of Military Operations, the Chief of the General Staff and the Secretary of State for War. The Admiralty were also interested because on the one hand they found it difficult to obtain the intelligence which they desired from Germany on account of the restrictions imposed by German police and security methods; and on the other hand, they had received offers from persons who wished to sell information about Germany to them and they felt it was undesirable that the Admiralty should be in direct contact with such persons. At the same time, they had fewer facilities for making enquiries, regarding suspected cases of German espionage, than had the War Office and they had accordingly communicated with Colonel Edmonds in regard to certain cases of this description.

Following on these discussions a paper was prepared by Colonel Edmonds dealing with the German and French systems of espionage in time of peace.

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(ii) The origins of M.I.5. - proceedings of
the Committee of Imperial Defence 1909.

As a result of these and other comings and goings the Prime Minister decided in March 1909 that a Sub-Committee of the Committee of Imperial Defence should consider the subject of foreign espionage and, inter alia, the above facts were laid before it. The members of the Sub-Committee included Mr. Haldane, Mr. McKenna, Sir Charles Hardinge, three Service representatives and Sir Edward Henry, the Commissioner of Police. Its terms of reference were briefly to review the nature and extent of foreign espionage taking place in the country and to report whether it was desirable that the Admiralty and the War Office should be brought into official relations with the police, Postal and Customs authorities with a view to the movements of aliens suspected of being spies or secret agents being properly supervised; to make proposals regarding measures which might be desirable including those for increasing powers for dealing with persons suspected of espionage; and to report whether any alteration was desirable in the system then in force in the Admiralty and the War Office for obtaining information from abroad.

Evidence was placed before the Committee regarding a large number of cases during 1908 and the first three months of 1909 in which Germans had been suspected of some form of espionage in this country. It was reported that certain German officers had betrayed the fact that parts of England were allotted to them for intelligence purposes and that individual Germans had been noticed making sketches and taking topographical notes. In one case it was reported that over a period of eighteen months a series of Germans of soldierly appearance had been living at a house in Hythe, two or three individuals remaining for about two months at a time after which their places were taken by others so that about twenty had been seen in the course of eighteen months. They used the house as a centre for motoring and their interest in Lydd and the ranges had been noticeable. The general impression created by the facts observed in a number of cases and by the general circumstances of the time was that the position was similar to that in France before the German invasion of 1870. The view was put forward that the French failure in 1870 was largely due to the lack of a Secret Service and it was maintained as axiomatic that the great Generals of history including Frederick the Great, Napoleon and Wellington had owed their successes largely to carefully elaborated spy systems. Immediately after the outbreak of the war of 1870 the French had attempted to improvise a counter espionage service, but it was too late because such a service cannot be improvised but must be built up in the leisure of peacetime.

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Among the evidence put before the Sub-Committee on Foreign Espionage was that of Captain Temple of the Admiralty who stated that there was no machinery at the Admiralty for carrying out investigation into espionage but certain cases had been followed up by the Admiralty from which it transpired that Brussels was the headquarters of a forwarding agency which had been inserting advertisements in the "Daily Mail" during the year 1908 asking for retired officers, engineers or clerks, who wished to increase their income by contributing articles to an American Naval Review, to apply to a poste restante address in Brussels. Correspondence with this address had led to an offer of £50 in payment for a report on a gunnery report which, according to the Press, was missing at Portsmouth. There was no evidence to connect the poste restante address at Brussels with the German Government but contact had been made with an individual using the address and he had supplied a list of points on which information was required and this list proved that the individual compiling it had a thorough knowledge of gunnery and a good acquaintance with reports and returns issued by the Admiralty. The same individual gave to his intended agent, who answered the advertisement in the "Daily Mail", cover addresses in Basle and Ostend. It was from beginnings such as these that the Special Intelligence Bureau - the forerunner of M.I.5. - got to work.

The Sub-Committee on Foreign Espionage had before it a number of papers going back to precedents at the time of the Spanish Armada and the Napoleonic threat of invasion, including statements of the position under the Common Law and with the Prerogative powers of the Crown. Among them was a memorandum by the Home Office making suggestions for the amendment of the Official Secrets Act, 1889, in which it was pointed out that the principal provisions dealing with espionage and like offences were contained in Section 1 of the Act; but the Section was extremely complicated and its drafting had been severely criticised in Stephen's "Digest of the Criminal Law" where it was pointed out that it created about eighty misdemeanours all of which were made felonies only if a certain condition were proved; and that that condition was almost certain never to be really absent but was one which it would be rarely possible to prove. There was no power to search under the Act; and it was held that it was clearly desirable that such power should be given.

Under the conditions prevailing in 1908 and 1909 it was held that no action could be taken to prevent the German investigations which were being conducted almost openly in England and an amendment to the Official Secrets Act of 1889 was therefore considered and recommended by the Sub-Committee. Other recommendations were that a Secret Service Bureau should be formed to deal with espionage and to act as a screen between foreign spies and Government officials; that a Bill for the control of the Press should be proceeded with having for its object the prevention of the publication of certain documents or information; that communications on the subject of secret service between the Admiralty, War Office and Secret Service Bureau on the one hand and the Post Office and the Customs

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on the other should not be through the ordinary official channels but through particular members of the two latter Departments with whom correspondence should be carried on direct; and - in view of the attention said to be given by the German General Staff to the question of demolition work on the outbreak of war - that an enquiry should be held by the Home Ports Defence Committee into the manner in which vulnerable points including dockyards, wireless stations, private ship-building yards, railway bridges and others were guarded with a view to assigning the responsibility.

At the same time it was suggested that one officer should be appointed to be free from other work and to devote his whole attention to Secret Service problems; that the registration of aliens which had been enforced by Act of Parliament in 1798 and 1804 should be revived and that there should be an informal conference between officials of the Home Office, the Post Office, the War Office and the Admiralty.

In August 1909 a meeting in Sir Edward Henry's room at Scotland Yard developed further proposals for starting the Secret Service Bureau and it is worth while to note that the scale of ideas and the outlook prevalent at the time were such that the proposals were limited to the appointment of a retired Chief Inspector of the Criminal Investigation Department as a suitable private detective under cover of whose name the Secret Service Bureau should be conducted, while the War Office proposed to appoint Captain V.G.W. Kell, South Staffordshire Regiment, (who was to retire from the regular Service for the purpose), and the Admiralty nominated Commander Cumming. These two officers actually shared an office leased by the retired Chief Inspector, but after a few months' experience it was decided that it was impracticable to conduct Secret Service and counter Secret Service work from the same headquarters.

(iii) The creation of the Special Intelligence Bureau in 1909.

In this way the Security Service, as it is now called, first came into existence under the title of the Special Intelligence Bureau which was started in October 1909, when it consisted of one officer, Captain (afterwards Major-General) Sir Vernon Kell. The historical report (F Branch Report, Bibliography No. 28) on the work of the preventive branch which was written after the war 1914-1918 opens by saying "the work and consequently the organisation of such a Bureau was naturally divided into two main branches - (1) the investigation of particular cases involving definite suspicion of espionage and - (2) the construction of legal and administrative machinery calculated to embarrass and, if possible, to frustrate such attempts in general and for the future".

(iv) Developments from 1910-1914

Slattery Clerk

In March 1910 Captain Kell received the assistance of a clerk. In January 1911 a second officer was added to the staff as well as a secretary but it was not till December 1912 that Captain Holt-Wilson joined. He afterwards became the head of the preventive branch as well as those concerned with Port Control and liaison with the Dominions and Colonies.

One of the most important early achievements of the Special Intelligence Bureau was the production of a report in 1911 which was drawn up at the request of Lord Haldane, then Secretary of State for War, to assist him in placing the new Official Secrets Act before Parliament. This report dealt with some twenty-two cases of suspected espionage which could not be satisfactorily followed up because of the defects in the Act of 1889.

The passing of the Act of 1911 made it possible to establish the work of the Special Intelligence Bureau on a satisfactory legal basis and to develop it into an effective counter espionage and security service.

Very briefly, and in simplified non-legal language, the effect of the new Act was to make it a felony if it were done for any purpose prejudicial to the safety of the State, to enter or approach any "Prohibited Place" as defined in the Act or make any sketch, plan, model or note calculated or intended to be useful to the enemy or obtain or communicate to any other person any document or information calculated or intended to be useful to an enemy. In order to prove the existence of a purpose prejudicial to the safety of the State and so secure a conviction, it was sufficient that the purpose of the accused person should appear to be a purpose of that kind "from the circumstances of the case or his conduct or his known character as proved". The onus of satisfying a jury that his purpose was a right one was, as Lord Haldane explained in introducing the Bill before Parliament, on the person performing the act or found in the prohibited place. Thus effective action, which had been impossible under the old Official Secrets Act and the Common Law, could now be taken against German spies.

Another vital element in the development of the Special Intelligence Bureau was the arrangement by which the correspondence of suspected German spies was opened and examined under the authority of a warrant issued by a Secretary of State. A strong view had always been held that the power of interfering with correspondence in this way would be used as sparingly as possible and the Post Office had always held that it was very undesirable to shake public confidence in the security of the post. The Secretary to the Post Office had even argued in a paper submitted to the above-mentioned Sub-Committee on Foreign Espionage in 1909 that it appeared very doubtful whether any useful results would follow from the examination of correspondence in the case of spies as it was improbable that any letters of importance would be received or

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despatched by a spy without the use of devices for concealment. In spite of this attitude the Home Secretary's warrants were issued and played an important part in enabling the Bureau to detect an active network of German spies in the United Kingdom. In his book "The Crisis" Mr. Winston Churchill refers to his part in this matter when he became Home Secretary in 1910. Parenthetically, it may be remembered that the original purpose underlying the institution of the Post Office for the purpose of carrying mails was to enable the Executive to control and supervise undesirable communications. Mr. Churchill also refers to the action taken by him to safeguard the Navy's magazines against possible sabotage on the outbreak of war.

The policy of the Special Intelligence Bureau was not to disturb the network of German agents which had been established in this country in peacetime but to obtain all possible information about their organisation with a view to striking and disrupting it on the outbreak of war.

The adoption of this policy did not mean that no overt action would be taken in cases caught flagrante delicto. For instance in February 1914 a German officer was arrested in the act of taking some plans of a British cruiser and other documents out of the country.

The methods by which the general policy was pursued entailed the development of close co-operation with the police - as a remedy for the state of affairs disclosed before the Sub-Committee on Foreign Espionage - and the use of Home Office Warrants to intercept the correspondence of German spies who, contrary to the above-mentioned views of the Secretary to the Post Office, were found to use the post for correspondence which made it possible to discover and lay bare their network in this country.

At the same time progress was made with the registration of aliens but this had to be done on an unofficial basis because the authorities at that time were not prepared to come into the open with measures for official registration. They appear to have been influenced by apprehension of possible questions in Parliament on the point of the freedom of the individual. This unofficial registration was undertaken by the police at the instance of the Special Intelligence Bureau in 1910. No attempt was made to deal with the Metropolitan Police Area or any part of the United Kingdom except the east coast of England and Scotland. The census of 1911 showed that there were some 42,000 adult male Germans and Austro-Hungarians in England and Wales and it was therefore roughly calculated that as a result of unofficially registering 11,000 such persons in the coastal areas up to July 1913 the records were "tolerably complete". Even this rough and ready work was carried on under somewhat difficult conditions because the Home Office laid down that all the information was to be collected confidentially and no alien was to be asked a question "of an inquisitorial nature". Moreover, the Registrar-General considered that the information in census

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returns had been obtained confidentially and that the police must not let it be known that they were being used for the purpose of registration. In support of this very sensitive regard for the freedom of the individual alien in our midst it was even argued that it was an advantage to conduct enquiries confidentially as it was important to prevent potential enemies from realising the fact that they were being registered. On the basis of the information obtained by this partial registration the aliens concerned were classified under various headings, the most important being known spies, possible suspects, and Germans and Austrians who were to be watched because they were known to have been army officers or for similar reasons.

PART 2.

THE GERMAN ESPIONAGE SYSTEM IN WAR

1914-1918

(1) The Special Intelligence Bureau becomes M.O.5. under the Directorate of Military Operations.

The essential facts to be remembered about the Special Intelligence Bureau are that it was instituted as a military measure to defend the Services and the country against the attempts which were obviously being made by the German Secret Service to obtain intelligence; and that active attempts were being made against both the Army and the Navy during the years prior to its formation. The organisation under Captain Kell worked as a secret organisation but it was responsible to a section of the Directorate of Military Operations at the War Office and it will therefore be convenient at this stage to trace the development of the machinery in the War Office of which it formed a part.

Prior to August 1914 there was no Directorate of Military Intelligence, the functions of intelligence being included under the Directorate of Military Operations which was divided into six sections. Of these M.O.5. was responsible for policy in connection with a variety of matters including censorship, aliens and the civilian population in war, and legislation affecting the General Staff.

On the outbreak of war in August 1914 there was a rapid expansion in the Directorate of Military Operations the most important being in M.O.5. on account of the wide variety of its duties which included responsibility for all Secret Service work. On the 17th August 1914 M.O.5. was divided into eight sub-sections of which M.O.5.(g) now came under Major Kell who was responsible for counter espionage,

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aliens, and control of civilian traffic overseas. In April 1915 there was a further reorganisation when a plan for an I.(A) (Intelligence) and an I.(B) (Security) staff was partly put into operation, by the creation of a Directorate of Special Intelligence under Brigadier-General Cockerill who was put in charge of M.O.5., M.O.6. and M.O.7. - M.O.5. being under Lt.-Colonel Kell. M.O.5. was again reorganised in November 1915 when military Port Control officers were included in the section.

(ii) Creation of the Directorate of Military Intelligence - M.O.5. becomes M.I.5.

In December 1915 a Military Intelligence Directorate in addition to the Military Operations Directorate was formed under the Chief of the Imperial General Staff, and M.O.5. became M.I.5. as part of a similar change including all the M.O. sections from M.O.2. to M.O.9.

The account of M.I.5. as given in "The Historical Sketch of the Directorate of Military Intelligence during the Great War, 1914-1919" is as follows :-

"The history of what is now known as M.I.5. dates from October 1909 when, following on a decision of the Committee of Imperial Defence, Captain V.G.W. Kell was appointed under M.O.5. to conduct enquiries into German espionage in the United Kingdom. Later he had the help of three regular officers, who were transferred to the Reserve of Officers on undertaking this work, and a very small clerical staff.

It worked as a secret organisation, and was responsible to M.O.5., Colonel, who acted as its paymaster, military chief and director.

The staff on 4th August 1914 was :-
9 officers, 3 civilians, 4 women clerks, 3 police.

In August 1914, it was put under M.O.5., Colonel, as a sub-section, M.O.5(g). Its duties were defined as :- military policy in connection with civil population including aliens. Administration of Defence of the Realm Regulations in so far as they concern the M.O. Directorate.

Before the war a register had been compiled of all aliens in the United Kingdom, outside the East End of London, and lists had been prepared and handed to Chief Constables concerned of those persons who were known or were suspected of being German agents. The moment war was declared these persons were arrested, and in this way it is probable that the German Intelligence Service in the United Kingdom was thrown completely out of gear.

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On the outbreak of war the regulations which had been worked out chiefly by sub-committees of the C.I.D., of which M.O.5. Colonel was a member, and as far as possible in the form of draft Bills and Orders in Council, became executive and necessitated a very largely increased staff. The section was housed outside the War Office, retaining only one room in the main building as a post office.

On 1st October 1914, M.O.5(g) was divided into three sub-divisions:

- M.O.5(g)A. Investigation of espionage and cases of suspected persons.
- M.O.5(g)B. Co-ordination of general policy of Government Departments in dealing with aliens. Questions arising out of the Defence of the Realm Regulations and the Aliens Restriction Act.
- M.O.5(g)C. Records, personnel, administration and port control.

On 11th August 1915, owing to the formation of a new sub-division to deal with Port Control, it was decided to reorganise M.O.5(g) into four sub-sections as follows :-

One new sub-section was called M.O.5(e) and dealt with military policy connected with the control of civilian passenger traffic to and from the United Kingdom, port intelligence and military permits. M.O.5.(g)A became M.O.5(g), M.O.5(g)B became M.O.5(f), and M.O.5(g)C became M.O.5(h).

With the formation of M.O.5(e) the system of military control of passenger traffic at home ports, which had steadily been growing in importance, was put on a new footing. The whole of this, as well as the subsequently formed Military Permit Offices in London, Paris, Rome and New York being directly controlled by M.O.5(e) and administered by M.O.5(h).

On 3rd January 1916, when the General Staff was reorganised the sub-sections M.O.5(a) to (d) became M.I.6 and M.O.5(e) to (h) became M.I.5(e) to (h).

On 21st September 1916, M.I.5(a) was formed from M.I.5(g) to co-ordinate counter espionage measures throughout the British Empire.

On 15th January 1917, M.I.5(b) was formed from M.I.5(g) to deal with questions affecting natives of India and other Oriental races.

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On 23rd April 1917, P.M.S.2., a section of the Ministry of Munitions, formed originally from a nucleus supplied by M.I.5(f) on the 19th February 1916, to deal with aliens and others employed on munitions and auxiliary war services, was re-absorbed as M.I.5(a).

On 1st September 1917, M.I.5(b) was absorbed by M.I.5(d).

On 1st August 1919, Military control at home ports ceased and missions abroad were taken over by M.I.1(c).

On 1st September 1919, M.I.5(a) was absorbed by M.I.5(f).

On 31st March 1920, M.I.5 was reorganised as follows:-

M.I.5(f) became M.I.5(a)
M.I.5(g) became M.I.5(b)
M.I.5(h) became M.I.5(d) and was re-numbered M.I.5(o).

Colonel Sir V.G.W. Kell, K.B.E., C.B., was head of M.O.5(g) in August 1914, became head of M.O.5 in March 1915, and is still in charge of M.I.5.

M.I.5 has throughout its existence acted on behalf of the Admiralty and, since its creation, of the Air Ministry, in all questions relative to counter espionage and preventive measures connected therewith."

(iii) The History of M.I.5. as compiled after the War of 1914-1918.

The internal history of M.I.5. was recorded after the end of the war in the form of the reports of A., D., E., F., G. and H. Branches. These reports are available for purposes of reference. The intention of compiling a consolidated report was never implemented and the following are very brief outlines of what took place during the war of 1914-1918.

The three main branches were F (Preventive), G (Investigation) and H (Secretariat, Administration and Records). The head of F Branch was Lt.-Colonel Holt-Wilson and he was also in charge of A (Alien War Service), D (Imperial overseas special intelligence including Irish, Oriental and Near-Eastern affairs) and E (Control of ports and frontiers). The various changes and developments in connection with these branches are described in the above-quoted historical sketch of the Directorate of Military Intelligence.

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The principle underlying the organisation of the preventive side of the work was to establish controls which would facilitate the work of detection and in this and other ways frustrate the enemy secret intelligence service. These controls were established by the Defence of the Realm Act and the regulations framed under it; by the complete registration of aliens at the beginning of the war and the control of aliens by the Aliens Restriction Order; by the control of traffic by means of passports and visas and examination at ports; by the examination of credentials or 'vetting'; and by the control of communication through the postal and telegraph censorship.

In accordance with a decision of the Committee of Imperial Defence the Home Office became responsible for the administration of the Aliens' Restriction Order while the Defence of the Realm Regulations were administered by officers known as Competent Military Authorities nominated by the Army Council for the purpose. These officers exercised jurisdiction within a defined district under the instructions of the Army Council transmitted through the Horse Guards as the General Headquarters, Great Britain. The powers of the Competent Military Authorities, who were usually officers commanding troops in the various districts into which Great Britain was divided, were in practice subject to considerable qualifications and the control of the Army Council was in effect dependent on the advice of the Preventive Branch of the Special Intelligence Bureau or M.I.5(f) as it was eventually called. The Competent Military Authorities depended for their information to a greater or less extent on the Intelligence Officers of Headquarters Staff in the different Commands. M.I.5. was responsible for framing special intelligence measures in general and was therefore interested from the point of view of policy in a number of regulations with the administration of which it had no concern. It was more directly concerned with three classes of the Regulations, namely those concerned with espionage, with local restrictions for special intelligence purposes and with personal restrictions for special intelligence purposes. These included such matters as the power of preventing embarkation of persons suspected of communicating with the enemy and powers under D.R.R.14 and D.R.R.14B for placing under personal restriction disaffected and dangerous individuals who, not being enemy subjects, could not be interned under the Royal Prerogative. A Competent Military (or Naval) Authority was empowered to prohibit by Order persons from entering or residing in specified areas under certain conditions. Competent Military Authorities were alone empowered to make orders under D.R.R.14 but orders under 14B were made by the Home Secretary acting on the recommendation of, in the words of the F Branch report, "the Competent Military Authority commanding M.I.5." It was found that local Competent Military Authorities were not in a position to deal satisfactorily with these questions and the Home Secretary declined to act on their recommendations.

In virtue of the position of M.O.5. under the Directorate of Military Operations (later M.I.5. under that of Military Intelligence) the records of the last war throughout put the emphasis on the military nature of all the controls discussed above.

The effective work done on the preventive side included the placing under control under the Defence of the Realm Act of some hundreds of individuals considered dangerous; The initiation from time to time of legislation; the maintenance of relations with the Censorship and other Government Departments; the investigation of personnel employed on confidential work; the investigation of persons entering or leaving the United Kingdom or visiting British military zones abroad; the preparation of lists of known suspects; and general supervision over seamen and the internment of enemy aliens.

On the outbreak of war a small number of enemy aliens on the M.I.5. lists were interned, the peak figure of internment being over 32,000 in October 1915.

The G Branch Report fills nine volumes and is very diffusely written. There is no succinct account of the cases investigated before and during the war and no indication as to how far M.I.5. obtained a general picture of the German Secret Intelligence organisation with which it had to deal. The enquiries made in the years immediately before the war showed that the German organisation was active in this country and was particularly interested in obtaining naval information. As a result of numerous enquiries a certain number of cases had been brought to light but in accordance with the policy mentioned above the main German organisation here was kept under observation and on the outbreak of war twenty-one out of twenty-two known spies in this country were arrested. It was reported during the war and confirmed after the Armistice that the capture of these spies completely broke up the German Intelligence organisation which was not able to act effectively again until some time in 1915. One result was that the Germans were without any information from this country and had no definite knowledge of the departure of the British Expeditionary Force.

In November 1914 a case, which attracted more attention than most, was that of Karl Hans Lody, a German officer who contrived to travel in England, Scotland and Ireland without betraying his presence, and to obtain military information; he ended in his trial by court-martial, he was shot at the Tower.

In 1915 three groups of spies and a few individual cases were dealt with. Altogether ten persons were shot, one was hanged and five were sentenced to penal servitude while four were interned under the Defence Regulations. Half-a-dozen of these spies were Germans, including British or American citizens of German birth. Others were of various nationalities including five Dutch, a Russian, a Brazilian, a Uruguayan and a Peruvian. In 1916 four groups of spies were dealt with. In the first, four persons were concerned, of whom one was interned and the other three were deported. In the second, a Swedish woman was sentenced to death, the sentence being commuted; and a Dane and a Dutchman were deported. In the third, a Spaniard and a Dutchman were sentenced to death, the sentence being commuted; and a German was sentenced to ten years' imprisonment. In the fourth, an American was sentenced to death but was subsequently released and sent

to America at the request of the American authorities who desired to obtain evidence from him; while a Dutchman and a Frenchman were deported and interned respectively. In this fourth group the spies concerned had connections with America and the enquiries resulted in action being taken against some of their accomplices there.

In 1917 five spies were arrested. Of these a Spaniard was released for want of evidence, a Norwegian journalist was sentenced to death, the sentence being commuted. A Brazilian journalist was interned and a woman, a British subject of German origin, was sentenced to penal servitude.

A point of some interest is that the Germans at first depended on their own nationals to a considerable extent but after 1915 tended to give up the practice and employed an increasing proportion of foreigners of various nationalities.

There is no very clear account to explain how contact was first obtained with the German Secret Service and its agents, but it appears that one of the early sources of information was a British subject who was approached by the Germans and reported the fact. Another early clue is said to have been obtained through an officer overhearing a conversation in a railway carriage. Important clues were obtained as the result of the search of a suspect.

These early beginnings were supplemented by the use of the H.O.W. as a means of secret censorship which led to the uncovering of the whole German network at the beginning of the war.

It is stated that during the course of the war the most important sources of information about German espionage were obtained from M.I.I.C. (or S.I.S.) and as a result of censorship. One of the most important sources of S.I.S. information was the

and by this means a considerable amount of information regarding German agents passing through Holland - obviously an important centre of the German Nachrichtendienst - came into British hands.

In some cases information was obtained from agents abroad, as a result of which censorship was applied to addresses in neutral countries with the result that agents writing or telegraphing to these addresses were detected.

In one case an individual who is described as the best agent sent over by the Germans during the war reached this country from Hamburg via America and France in 1915. He came under the cover of being a representative of two well-known American firms and on the way here did some genuine business in France and procured introductions to English firms from the American head of a good French firm.

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In another case a German agent in Holland represented a Dutch firm of tea merchants and sent young Dutchmen to England to travel in tea with instructions to obtain details about shipping movements. He was also concerned in the despatch of sailors from Holland for similar purposes and with the representatives of a Dutch firm of cigar merchants, some of whose representatives were his agents.

In 1917 information was received which gave details of instructions to the German Intelligence Service in Scandinavia. These instructions referred to the importance of obtaining information from business men arriving from enemy, i.e. Allied, countries, as well as from the officers and crews of merchant ships. Instructions also dealt with the proposals for arranging for suitable neutral firms to engage German commercial representatives to be employed on genuine business in Allied countries, and they mentioned that experience showed that where men were suspected a woman would arouse little suspicion. The chief danger of all such agents was recognised as lying in the means of communication but it was claimed that German chemical science had reduced that danger to a minimum. The experience of M.I.5. showed that secret writing and skilfully designed plain letter codes and telegraph codes were used by the German Intelligence Service. There is no reference to the use of wireless.

As the German Intelligence Service found that their agents were detected they changed their methods, and as they changed their methods M.I.5. secured changes in the regulations designed to facilitate measures for dealing with enemy agents. As a result of this duel the Germans were said to be relying towards the end of the war to a considerable extent on information obtained by word of mouth from persons travelling between England and neutral countries.

The scope of M.I.5. gradually broadened from the detection of espionage to the impersonation of hostile agents for the purpose of feeding the enemy with misleading information. In one case a German agent was impersonated after he had suffered the death penalty without the enemy's knowledge. Considerable sums were received by way of remuneration from the Germans in payment of these simulated services.

Double-cross agents were also used for the purpose of misleading the enemy in regard to sabotage. Minor acts of sabotage were arranged which did no harm but were sufficient to satisfy the enemy that his agents were active. The object was to prevent him from opening up new changes or infiltrating new agents which might have been dangerous or difficult to detect.

As a result of these preventive and detective measures and of what now appears in the light of the experience of the second war to have been a very small-scale attempt to mislead the enemy, the reputation of M.I.5. reached a high level before the end of 1918.

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It was emphasised that the functions of M.I.5. were advisory and this fact governed its relations with all Government Departments and the Services. One consequence of this was that the police, acting on information obtained from M.I.5., were responsible for the conduct of cases against all enemy agents who were detected in espionage. Many enemy agents were examined by Sir Basil Thomson in his room at Scotland Yard. M.I.5. officers were present, but the responsibility for the proceedings appears to have rested with the police officers. Nevertheless, in a number of cases M.I.5. officers interrogated considerable numbers of suspects at the Cannon Row Police Station.

The result of this divided responsibility was to produce a certain rivalry, if not jealousy, between Sir Basil Thomson and M.I.5., and the system may therefore be said to have had marked disadvantages in this respect.

M.I.5.A. dealt with all questions regarding the employment of aliens in munition factories and in auxiliary war services of all kinds and with the importation of labour from abroad for employment on munition work.

M.I.5.D. was responsible for the co-ordination of Special Intelligence with the authorities in the Dominions, India and the Colonies and for the co-ordination of the work of Special Intelligence Missions in Allied countries. It also dealt with correspondence connected with Near Eastern and Asiatic countries in matters of espionage, sedition and treachery.

M.I.5.E. was responsible for "military policy connected with the control of civilian passenger traffic to and from the United Kingdom"; for the control of Military Permit Offices in London and Paris; and for the control of Military Control Officers abroad. In the case of neutral countries communications with Military Control Officers were carried on through M.I.1.C.

M.I.5.H. constituted the Secretariat and the administrative branch of M.I.5. and included the Registry. The Registry was the repository of all counter espionage intelligence available to the British Government. Names of persons and places in different parts of the world were carded and as the war proceeded the volume of information received from all sources and on relevant subjects made the Registry a formidable weapon in the intelligence armoury. As branches on the investigation and preventive sides of the Office were progressively sub-divided it was found necessary to specialise in different parts of the world, and a number of women secretaries and Registry clerks belonging to or working in the different sections in A., D., E., F., or G. Branches grew up into a body of specialists with a thorough knowledge of their subject and able to contribute to the success of the organisation as a whole in virtue of this specialised knowledge.

/The head

The head of H Branch was responsible for the recruitment of staff including officers, secretaries and Registry personnel, and the records contained tributes by the heads of other branches to the success with which this important function was performed. A supplement to the H Branch report containing a report on women's work in M.I.5. emphasises the importance of the part they played both at home and abroad, and emphasises that the work in the Registry based on specialised knowledge was an important part of the intelligence process.

In regard to enquiries about suspects arriving at British ports from neutral countries, M.I.5. does not appear to have been in a strong position. In some instances a suspect traveller was examined by a number of officers representing the Home Office, the War Office, Admiralty, Customs as well as M.I.5. who in one case - at Harwich - sat round a horse-shoe table with the suspect in the centre. The object was to secure speed in the disposal of incoming travellers, but the result cannot always have been satisfactory, especially when time was pressing and the balance had to be found between the conflicting interests of different Departments. (These methods of control may be compared with the very different arrangements made for interrogation at the L.R.C. and Camp 020 in the second war).

(iv) The dawning recognition of the concept of 'total war' under modern conditions.

After the end of the war of 1914-1918 two books especially germane to our subject were written on the German Secret Service. The first of these was published in 1920 entitled "Nachrichtendienst Presse, und Volkstimmung in Weltkrieg" and it was published in English in 1924 under the title "The German Secret Service" by Colonel W. Nicolai who had been Chief of that Service. The second was compiled in 1921 by the General Staff, War Office, i.e. by M.I.5. officers. It was not published but was confidential and for official use only. It was entitled "The German Police System as applied to Military Security in War" (Bibliography No. 36).

The M.I.5. Book was based on evidence obtained from all available sources including the examination of documents and German agents and prisoners of war and, apparently, as a result of enquiries made in Germany after the war. It drew freely on Nicolai's work which it described as a defence of the activities of the German General Staff and its Intelligence Bureau in regard to national security. One object underlying the M.I.5. compilation was to emphasise the all-embracing nature of national security intelligence in modern war and thus to point the moral that any security organisation should be maintained at a sufficiently high level even in peacetime. It maintained that a modern nation fighting for existence would attack its enemy with every conceivable weapon, moral or intellectual as well as commercial or physical, and by means of propaganda, espionage, or sabotage. It suggested that security functions were fourfold, i.e. political, defence, public security

/and

and economic. Of these, the first three covered the field of foreign affairs, naval, military, air and munitions security and security against the political warfare of the enemy including responsibility for measures against revolutionary propaganda, leakage of information and pacifist propaganda.

In adopting this attitude the M.I.5. book based itself on Nicolai's view that the world war had provided proof that a struggle between nations had grown out of the narrow limits of a decision by arms and had become a test in which the nation's whole strength was engaged in the political, economic and military fields and, "not least, in the very soul of the people"; and that in the place of a purely military Intelligence Service an all-embracing State Secret Service had developed which concerned itself with all that might give the State an advantage over its enemies in all these fields.

The authors of the M.I.5. book declared that the need for a study of the German police system necessarily followed from the fact of its being intimately linked with German methods of security in war, and they also showed the close relationship between the German Military Security Service or Abwehr and the Intelligence or Nachrichten organisations. The close relationship between Intelligence and the German Secret Police had dated back to the Franco-Prussian war in 1870, and it was pointed out that it was not unnatural that the Geheime Feld Polizei (Secret Field Police) in 1914 should have continued the methods of the Feld Polizei of 1870. In 1914 German Defence Security Intelligence was dealt with by special sections in the German Admiralty (Admiralstab der Marine, Abteilung "G", i.e. Geheim or Secret Section) and by the Generalstab Abteilung III.B. of the German General Staff. Abteilung III.B. worked in close co-operation with the seven Central Police Offices in the States or Provinces of Imperial Germany while the Admiralty section was almost exclusively concerned with the Central Police Office at Hamburg. During the course of the war the Secret Police organisation was enlarged and developed both in Germany and in occupied territories where the term "Sicherheits Polizei" (Security Police) came into prominence. Apparently in the absence of definite information the writers of the M.I.5. book were compelled to a conjectural description of the German organisation in certain respects, but one fact which stands out is that there was some degree of co-ordination between the Nachrichten or Intelligence organisations on the one hand and the Abwehr or Security branches on the other, and again between the Abwehr branches and the Geheime Feld Polizei and the other branches of the German Police; and that these organisations and the measures for their co-ordination were enlarged and developed as the war went on. This is of interest in view of developments, similar in principle but not analogous in detail, under the very different internal conditions in the Nazi State of the second War.

/The reason

The reason for examining the part played by the German police and the German Security Services is ascribed in the M.I.5. report at that time to the fact that the German General Staff and German military and other writers were almost unanimous in declaring that the German defeat had not originated from any failure of the German army. On the contrary they had urged that it was due to Allied propaganda in Germany, to the acceptance of specious promises and to the growth of Allied influences and that the nation, not the army, the civilian, not the soldier, was to blame. It was therefore the object of German military thinkers to study measures for the control of the civil population in war. In future political, economic and financial security were to receive as much attention as had formerly been accorded to the purely military problem.

This is a point of first importance in view of the answer given to such problems by the establishment of the Nazi Party with its methods of control over the Home front in Germany through the Party organisation and the Gestapo and the whole apparatus of the Reichsicherheits-hauptamt in the second World War. It is also worth noting that it was stated at this time, i.e. in 1921, that the German General Staff held the view during the war that the morale of the nation was being undermined by the Social Democratic Party supported by Jewish free-thinking elements; that there were many traitors among the people and the Reichstag; and that the great resources of the Allied Powers were concentrated against the political and social weaknesses of Germany which were played upon by Allied propaganda. This propaganda, it was maintained, was conducted regardless of expense and stopped at nothing to corrupt German national feeling. It was therefore felt that the German General Staff must take action to counteract such tendencies as a measure of security, and responsibility for this was undertaken by Ludendorf who utilised the services of Colonel Nicolai and Abwehrabteilung III by making him responsible for censorship and other internal security measures.

In their general conclusions, at the end of their report, the M.I.5. officers quoted Nicolai at length in his own defence. Among other things he said "the General Staff is not free from blame that the tasks which fell to the lot of Abteilung III.B. caught the latter unprepared and were then taken in hand with insufficient knowledge. The General Staff had studied war from the military standpoint alone. The kindred spheres, more especially war economics and the direction of public opinion had obtained no attention; no provision had consequently been made to set up the necessary machinery There was but one authority from which action was expected (by public opinion and the authorities alike) and that was the Chief of the General Staff of the Field Army." In this connection Ludendorf is quoted as saying that it was the deep feeling of responsibility which impelled the General Staff to constructive labours.

/Both the

Both the German General Staff and the M.I.5. officers reporting on the situation appear to have come to the conclusion that the employment by the General Staff of their security and police machinery was associated with the collapse of German morale. While the German General Staff attributed the failure to insufficient organisation and inadequate co-ordination of the resources of the nation as a whole, the M.I.5. officers appear to have formed the opinion that failure was, in part, to be attributed to the over-centralisation and over-militarised control and to draconian methods which provoked opposition and resentment among the German people. They mentioned that Ludendorf endorsed all Abteilung III.B.'s efforts.

For a detailed description of the work of Abteilung III.B., whose duties included those of obtaining secret intelligence as well as preventive or security work and relations with the "Foreign Armies" (Fremde Heere) and the political sections of the German General Staff, reference should be made to the M.I.5. report in question (The German Police System as applied to Military Security in War). The whole subject is of great intrinsic interest in view of its bearing on the subsequent developments in Nazi Germany and the reactions to those developments in this country. Among those reactions is the attitude of mind towards our own security problems as created by Nazi Germany both before and after the outbreak of war in 1939. This question will be the main subject in later Chapters dealing with the work of M.I.5. or the Security Service, but attention may be drawn here to the fact that outstanding aspects of the Nazi regime have been, internally, its measures for stiffening German resistance and strengthening German morale through secret police methods; and externally, the use of propaganda in peace and in war to influence the morale and public opinion of this and other countries; and the development of pro-German feeling and the support of parties on the Nazi model such as Mosley's Fascists. These parties eventually formed an important element in the German Fifth Column in countries subjected to military attack, and their leaders became the notorious Quislings of occupied Europe.

These two books, therefore, furnish evidence of a dawning recognition on both sides of the concept of "total" war under modern conditions; and of very different reactions to it in England and Germany. In both countries the Intelligence Services realised that it affected them but in England the lessons learned were quickly forgotten.

PART 3.

DEVELOPMENTS IN GERMANY

1918-1931

The M.I. 5. Report discussed in the last Chapter failed to have the intended effect, and during the years following the war the Security Service in this country was reduced to a minimum. Sir Vernon Kell remained in charge, but his staff consisted of only a handful of officers.

In the years immediately following the war contact was maintained with the Intelligence Staff of the British Army of Occupation in the Rhineland. Information was received regarding the German General Staff's measures to maintain an Intelligence Service under the cover of commercial intelligence in which assistance was given by some of the leading German industrialists including Hugenberg, Thyssen, Stinnes and Voegler, who undertook to furnish part of the required funds. The fact that German heavy industry was under less direct Allied control than German official services offered favourable opportunities for this type of subterfuge; but a more important fact is that as the basis of Germany's war potential their heavy industry also offered the most suitable field for obtaining commercial intelligence bearing on the war potential of Germany's past and future enemies. It was reported that officers of Abteilung III.B, the Intelligence Section of the High Command, mentioned above, were employed in an industrial intelligence service of this type known as the Deutsche Uberseedienst which was an officially recognised organisation with the ostensible purpose of acquiring commercial information to facilitate the German export trade. For some time the Uberseedienst carried on legitimate work, but by the end of 1921, according to reports received, this had given place to illicit activities organised by members of the German General Staff. The agents of the Uberseedienst were in many cases said to be unconscious that they were engaged in other than bona fide commercial intelligence, the type of information required from them being of an industrial nature; but it included those aspects of industry, a study of which facilitated an appreciation of the capacity and readiness of other countries to make war. The Uberseedienst was particularly interested in factories connected with the aircraft industry and those capable of tank production. Other similar organisations were known as the Ostdienst and the Wirtschaftsdienst. Allied to the latter was an organisation known as the Wirtschaftspolitische Gesellschaft which was conducted by a woman named Margarete Gaertner as an information office financed by Krupps. She carried on correspondence with various people in the United Kingdom and collected information for propaganda purposes, e.g. for propaganda

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against the Treaty of Versailles. Among the individuals connected with the Uberseedienst were Goering as their Air Representative and Freiherr Freytag von Loeringhoven who was later known as the head of Abwehrabteilung II, the Sabotage Department, in the Second World War. An office affiliated to the Uberseedienst was known as the Nuntia Bureau and it has been suggested that this afterwards formed the nucleus of the Secret Intelligence Department or Abwehrabteilung I.

Other related enquiries by M. I. 5. dealt with the employment of German Consuls in this country for intelligence purposes and with the submissions of secret reports by German journalists which often dealt with matters of a political or strategical nature.

The problems as they presented themselves at this time were not easy because the field of commercial intelligence was a large one and the dividing line between open and legitimate work on the one hand and secret intelligence on the other was not always easy to distinguish especially where the same individuals were concerned in both. This is especially the case where officials such as consuls are concerned; and diplomatic privileges are a serious obstacle in the way of counter espionage enquiries.

PART 4.

COMMUNISM AND THE U.S.S.R.

1917-1931

(1) General Introduction (1917-1945).

From the time of the Russian Revolution in 1917 onwards it has been recognised that the fact that the Communist Party seized power in Russia in October of that year posed a problem for M. I. 5. Since the establishment of the Comintern or Third (Communist) International in March 1919 in Moscow and of the Communist Party as a section of the Comintern in August 1920, the nature of this problem has varied and the extent to which it has been appreciated as a problem has varied even more widely. It is safe to say that the machinery in M. I. 5. - or the Security Service - has never been adequate to cope with this problem in the sense of formulating a comprehensive appreciation of developments as they occurred; and that during the greater part of the time the material for an adequate understanding of it has been lacking.

/Attempts

Attempts have been made, however, to present the available material in regard to parts of the problem, if there has been no attempt to present it as a whole. The most important of these attempts are to be found in the following documents :-

"Communism in Great Britain Today", prepared by the Security Service in June 1932
- vide Bibliography No. 11.

"Communism - (General aspects)"
- vide Bibliography No. 12.

"Communism - (Organisation and working)", prepared by Section V (Major Vivian) in April 1934 and December 1934, respectively, by collating material available in Section V and the Security Service
- vide Bibliography No. 13.

Paper prepared in F Division early in 1943 for the Home Secretary to submit to the Cabinet
- vide Bibliography No. 16.

"The Communist Party - its aims and organisation", prepared in April 1945
- vide Bibliography No. 14.

There are also numerous papers dealing with detailed enquiries into specific cases or developments in regard to the organisational machinery of the Comintern, the National Communist Parties, their auxiliaries or subsidiaries and their agents.

From the Security Service point of view an essential fact about the Comintern and its subsidiary organisations is that the Communist Parties admittedly aimed at seizing power in their own countries by revolutionary methods. They professed to believe that the possessing classes would not yield power to the 'proletariat' without a violent struggle. This position was, however, to some extent modified by Stalin in 1924 when he wrote in the "Foundations of Leninism":-

"Of course, in the remote future, if the proletariat is victorious in the most important Capitalist countries, and if the present Capitalist encirclement is replaced by a Socialist encirclement, a 'peaceful' path of development is quite possible for certain Capitalist countries, whose Capitalists, in view of the 'unfavourable' international situation, will consider it expedient 'voluntarily' to make substantial concessions to the proletariat. But this supposition applies only to a remote and possible future. With regard to the immediate future, there is no ground whatsoever for this supposition."

While this does not appear to exclude the use of violent revolution, it would seem to imply that the Communist

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Party might, in certain circumstances, accede to power by other means. Another fact which directly affects the Security Service and cannot be altogether disassociated from revolutionary aims is the employment by the Communist Party of conspiratorial methods for conducting their affairs. These methods include the use of codes, cyphers, secret inks, cover addresses, secret agents and the secret subsidising and secret direction by the Comintern of the national Communist Parties which are its sections in all or nearly all countries. These national Parties are the potential source of an almost unlimited supply of agents for the purposes of the Comintern or the Soviet Government.

There have been considerable differences of opinion in the offices directly concerned - the Foreign Office, S.I.S. and the Security Service - as to the significance of the Comintern and its secret conduct of affairs; and of the relations between the policy of the Comintern and the policy of the Government of the U.S.S.R. Thus, divergent views are, or have been, held on the question whether the Government of the U.S.S.R. did or did not abandon the policy of promoting world revolution either at the time of the dissolution of the Comintern or even before that date; whether the Comintern, being dependent financially on the Government of the U.S.S.R. was the latter's instrument; and whether the national Communist Parties in various countries are to be regarded as instruments of Russian policy or as instruments for the promotion of revolution in accordance with a policy centrally directed from Moscow by the Executive Committee of the Comintern.

In a paper prepared in the Foreign Office and considered by the J.I.C. in 1944, (J.I.C. (44) 105 (0) (FINAL) dated 20th March, 1944) dealing with the probable impact on British strategic needs of Russian policy after the war, it was suggested that after Stalin's victory over Trotsky the doctrine of world revolution was dropped and Soviet interference in the affairs of other countries was directed to subserving the Soviet Union's own national ends by weakening the internal position in potentially hostile countries. A paper prepared in Section IX of S.I.S. by way of comment on this thesis suggested caution in accepting the statement that the aim of spreading Bolshevism or of fomenting world revolution for its own sake had been abandoned and in accepting the implication that this view could form a basis of British policy. It maintained that Russian policy could not entirely cut itself off from the roots of its recent past; that these roots were embedded in a twofold policy - the open policy of Stalin, Litvinov or Molotov in their conduct of foreign affairs and the second or underground policy which in the past had been associated with the machinery of the Comintern. It also maintained that there were reasons for thinking that machinery for giving direction to the activities of the national Communist Parties of other countries was still in existence after the dissolution of the Comintern; and that it would be an advantage in formulating policy to have the fullest possible information about the implications of this second Russian policy, its motives and the realities behind it.

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These suggestions by Section IX were based on an examination of material available in the Security Service and in S.I.S. in regard to the secret workings of the Comintern and of the C.P.G.B.; in particular on the evidence relating to the adopting of the policy of "revolutionary defeatism" by the C.P.G.B. in the early stages of the second World War (prior to the German attack on Russia); the Communist agitation for the premature development of a "Second Front"; and the general background of information obtained by secret means regarding the manner in which the attitude of the C.P.G.B. in these matters had been directed from Russia. These representations led to a modification of the J.I.C. paper quoted above in the direction of stating that future relations between the Soviet authorities and Communist organisations in other countries required attention; that such organisations were potential instruments of Soviet policy and felt a loyalty to the Soviet Government often over-riding that owed to their own country; a dangerous tendency which had been demonstrated by the Communist Parties in Great Britain and France in the early stages of the war. It was also stated that there was no reason to suppose that the dissolution of the Comintern had destroyed the links between the Soviet authorities and Communist Parties abroad, but the view was maintained that these Parties would be used by the Soviet as a means of supporting its policy at any given moment and not as a means of bringing about world revolution as an end desirable in itself.

It is therefore an unresolved question whether British policy is to be based on the view expressed in the last sentence or whether there is evidence to determine the exact nature of the longterm policy of the Government of the U.S.S.R. in regard to the question of world revolution or the sovietisation of other countries. The evidence available to the Security Service from secret sources does not provide a clear and conclusive answer, but there is evidence which places it beyond doubt that the C.P.G.B. has not abandoned its policy of bringing about a social revolution in this country on Marxist lines and by the methods employed by the Communist Party, for instance, in Russia.

It is important - even if there is no reason to believe that the C.P.G.B. is in a position to bring about a revolutionary situation and to take advantage of difficulties and unrest which may arise so as to create such a situation in the foreseeable future - to understand the aims and policy of that Party and the methods employed in Russia and other countries; and to provide for adequate appreciations of the situation as it develops from time to time.

To facilitate a proper understanding of this matter it is desirable to provide for the collation of the material available - from open and secret sources - but adequate material is not on record for the purpose and collation has not been done on a suitable scale. The study of the subject has been altogether inadequate from the beginning and on account of the paucity of the collated material the history of the manner in which the Security Service has dealt with the problem cannot be written on comprehensive lines on the basis of the largely uncollated material in an immense number of files spreading over a

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quarter of a century. Apart from the larger questions of policy there are important matters of detail in regard to which some information has been received, but no satisfactory account has been put on record. Instances are the story of the International Brigade which fought in the Civil War in Spain and the subsequent activities of its members, many of whom are known to have played an active part in Communist intrigues; the schools in Russia at which British, among other Communists, have been trained in "illegal" activities; and the financing of foreign Communist Parties by secret means as disclosed by the interception of Comintern wireless messages in the middle of the nineteen-thirties.

Failure to collate the information in such cases and failure to follow it up often go hand in hand; and the reason for this failure is to be found in insufficient staff and in difficulties created by lack of funds. Responsibility for the subject as a whole was divided between three Organisations until 1931 and after that it was divided between two. The absence of centralised control inevitably tends towards divided efforts and incompleteness in results. A staff of two officers in Section V of S.I.S. and a number varying between two and six in the Security Service to cover the whole ground over a long period of years (between 1920 and 1940) was obviously insufficient. Moreover, the Section V officers were also responsible for dealing with every other aspect of counter espionage vis-a-vis Germany and all other countries. In the light of these facts both the quantity and quality of the work done can only be regarded as remarkable.

Some of the major difficulties must be borne in mind. In the first place it is always difficult to form an appreciation of the events of current affairs before they can be seen in historical perspective and in the light of the records and reports of the principal actors. It would have been unusually difficult for S.I.S. to supply an account of the inner history of the Russian Revolution at the time or shortly after it happened. In the second place there is the difficulty of collating the open material about such a large subject as the Comintern and its relations with the Government of the U.S.S.R. with information obtained from secret sources; and framing an appreciation of the bearing of both types of intelligence on the security of this country. In the early stages none of the three Offices dealing with the subject - S.I.S., M.I.5. or the special staff in Scotland Yard - had any clear comprehensive mandate. Moreover, the Foreign Office was only indirectly interested, if at all, in developments in the C.P.G.B. and the Home Office had no concern with the ramifications of the Comintern throughout the world; yet it is only by putting the whole in the perspective furnished by an appreciation of Russian policy that it is possible to arrive at an understanding of all the issues involved.

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It is because it is a matter which concerns the interference in the internal affairs of this country by agents of an international organisation under the influence and domination of the ruling class - the Communist Party in Russia - that it transcends the scope of any one Government Department. It is a matter touching on sovereignty and therefore one which concerns the Prime Minister when viewed in broad perspective; but in the main it comes before the Security Service in the course of day-to-day working as a matter of minor detail. The detail is often dull and must be expected to remain so as long as the C.P.G.B. remains the small and almost insignificant force which it has hitherto represented in the political arena; but even so it is impossible to ignore its potential importance as a factor making for disintegration in the life of this country.

(ii) The Russian Revolution of 1917.

The Russian Revolution in 1917 had an almost immediate impact on M.I.5. A section of G Branch was given the duty of undertaking enquiries regarding Russian, Finnish, Polish and Czechoslovakian officers and the investigation of "activities in connection with Bolshevism, strikes and Pacifism in the U.K." It also investigated the bona fides of persons of the above nationalities entering or leaving the country and of all persons travelling to or from Russia. There does not, however, appear to have been any attempt to assess the significance of the Revolution or to provide for an appreciation of its probable reactions in this and other countries.

Without an adequate understanding of the Revolution and the Communist Party which made it in order to seize power, of the reactions in other countries and of the machinery of the Party in Russia (the Comintern or Third International) which was employed with the deliberate intention of utilising the circumstances of those reactions to promote revolution in other countries, it is impossible to form an appreciation of the development of the C.P.G.B. and the events and personalities connected with it. This is not the place to attempt a full and comprehensive account and it is not possible to do more than suggest some of the outstanding features of this whole subject which will serve to illustrate the problem presented to the Security Service by the C.P.G.B. and its relations with the Comintern and the Government of the U.S.S.R. under the dictatorship of the Communist Party of Russia.

The Revolution of February-March 1917 which led to the overthrow of the Czarist regime was followed in October of the same year by a more decisive revolutionary struggle which brought the Communist Party to power.

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There are three important accounts of the events of the Revolution written by, or authorised by, three of the principal participants, Kerensky, Trotsky and the Communist Party of the Soviet Union. No critical analysis of these different accounts is available and each of them is necessarily written from a more or less biased point of view. "The History of the Communist Party of the Soviet Union (Bolsheviks)" printed in Moscow in 1941, edited by a Commission of the C.P.S.U. (B) and authorised by the Central Committee of the Party in 1938, may be presumed to have Stalin's general approval.

The system of Soviets (one account of this system is given in Chapters II to V of "Soviet Communism" by Sydney and Beatrice Webb) i.e. councils, was developed after the February Revolution. At that time the Soviets consisted of members of various Left Wing Parties including the Socialists and Communists, the latter often being in a minority. The second, or October Revolution, gave the Communist Party control of the Soviets and by means of an armed insurrection of soldiers and workers brought the Soviets to power throughout Russia. A point deserving attention in this connection is that before the Revolution of 1917 the Marxists of all countries assumed that the parliamentary democratic republic was the most suitable form of political organisation for their purposes but, as a result of the Russian Revolution of 1905 and more especially the Revolution of February 1917, Lenin arrived at the conclusion that the best political form for the dictatorship of the proletariat was not a parliamentary democratic republic but a republic of soviets. The question is discussed at length in the conclusion of "The History of the Communist Party of the Soviet Union (Bolsheviks)" where it is emphasised that Lenin did not blindly follow Marxist theories or accept them as dogmas, but developed the Marxist theory in the light of experience so as to shape policy and action in accordance with the facts of a given situation. (This point was also made by Lenin when he wrote -

"Let us try to replace sophistry (i.e. the method of clinging to the outward similarity of cases without a connection between the events) by dialectics (i.e. the method of studying all the concrete circumstances of an event, and its development)."

quoted on Page 115, Chapter IV of "The Betrayal of the Left" (vide Bibliography No. 7).

From the various accounts it is clear that the Russian Communists attached great importance to the fact that in 1916 and 1917 they, in opposition to the "Menshevik and Social Revolutionary policy of defending the bourgeois fatherland" advanced the policy of "the defeat of one's own Government in the imperialist war". This meant in effect open and underground activity which aimed at disintegrating the governmental machine of Russia. It was intended or assumed that the workers of other countries should simultaneously adopt the same

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policy and the Communists attacked the members of the Second or Socialist International because so far from doing so they had supported their own Governments, e.g. in the cases of Great Britain, France and Germany. (Vide "Theory and tactics of the Bolshevik Party on the questions of War, Peace and Revolution" - Page 167 of "The History of the Communist Party of the Soviet Union (Bolsheviks)" - Bibliography No. 15).

These two points - the substitution of governmental forms based on Councils or Soviets for parliamentary institutions and the adoption of measures aimed at the disintegration of the governmental machinery of their own country in the event of an "imperialist" war, i.e. in effect a war conducted by any State under a non-Communist regime - are worth bearing in mind as throwing light on more recent developments.

According to Trotsky the Revolution of February 1917 came about "spontaneously" as the result of developments in a revolutionary situation. The stresses and strains on the Russian administrative machinery created by the war had brought to a head a crisis arising from the development in Russia of conditions which were part of the economic changes associated with the "Industrial Revolution" in the West. Trotsky shows, however, that the Second or October Revolution was the result of a plan deliberately worked out by the Bolsheviks to enable them to seize power and to replace Kerensky's Government. This was done in accordance with a general theory of revolution which may be roughly explained by saying that when a revolutionary situation arises it can be brought to a head by an armed insurrection; the armed insurrection being planned as a result of a conspiracy. The conspiracy in this case was worked out by the leaders of the Communist Party of Russia who had to judge the decisive moment for insurrection. According to Trotsky the insurrection would have failed if it had been launched a few months earlier or later; the decisive moment probably fell within a period of three or four months. Lenin's leit-motiv in those days was: "The success of the Russian and world revolution depends on a two or three days' struggle". Effect was given to the conspiracy by winning over a sufficient proportion of the Russian regiments and the Russian Navy, influenced as they then were by the disastrous conditions of the Russian campaigns of 1916-1917; and a large proportion of the workers in factories in St. Petersburg, a number of the latter being armed and trained under the direction of the Communist Party and formed into the Red Guard.

His theory of revolution is explained by Trotsky in his "History of the Russian Revolution" - especially in the Chapters dealing with the Military Revolutionary Committee; Lenin's Summons to Insurrection; the Art of Insurrection; the Conquest of the Capital; the Capture of the Winter Palace; and the October Insurrection - where he also shows how it was put into practice so as to secure decisive results. According

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to him the Central Committee of the Communist Party decided on beginning the insurrection on about the 10th October and a turning point was Lenin's resolution summoning "all organisations and all workers and soldiers to an all-sided and most vigorous preparation of armed insurrection", i.e. against Kerensky's Government, which was itself the product of the February Revolution. Trotsky maintained that the means by which the proletariat could overthrow the old power and replace it was the Soviets, the Soviets being organs to prepare the masses for insurrection, to implement the insurrection and, after victory, to be the organs of government. The overthrow of the Government could only be brought about if the proletariat felt above it a farsighted, firm and confident leadership. This leadership was supplied by the tightly welded Communist Party as a vanguard of the class. In order to achieve success it was necessary - as in a military campaign - to have at the decisive moment, at the decisive point, an overwhelming superiority of force. This decisive political force in the October Revolution was found in the workers of Petrograd; and Trotsky, who organised the military side of the Revolution and afterwards organised the Red Army, argued that those who maintained that the Bolshevik Revolution was a "soldiers movement" were wrong. He held that "at the decisive moment the leadership of the soldiers was in the hands of the workers". At the same time, the first task of every insurrection was to bring the troops over to its side. The chief means of accomplishing this was the general strike, mass processions, street encounters and battles at the barricades. It was, he said, impossible to understand the mechanics of the October Revolution without realising that the most important task of the insurrection, that of winning over the garrison of the capital, had been accomplished in Petrograd before the beginning of the armed struggle. In the final stage the Bolshevik Party led the way in a military situation which was decided by rifles, bayonets and machine-guns. The decisive force, the workers army of Petrograd (the Red Guard) numbered less than 40,000 bayonets but they carried with them the troops and the sailors of the Russian fleet.

After the success of the insurrection Lenin outlined the programme of the Revolution: to break up the old Government apparatus; to create a system of administration through the Soviets; to take measures for the immediate cessation of war relying upon revolutionary movements in other countries; to abolish landlords' property rights and thus win the confidence of the peasants; to establish workers control over production. "The Third Russian Revolution" he said "must in the end lead to the victory of socialism."

/Before

Before Trotsky's quarrel with Stalin and the dominant clique in the ruling Communist Party - in which quarrel personal rivalry and doctrinal differences both probably played a part - Stalin had said that Trotsky, the President of the Petrograd Soviet, had conducted all the work of practical organisation of the insurrection; and that the Party owed to him principally and first of all the swift passing of the garrison to the side of the Soviet and the bold execution of the work of the Military Revolutionary Committee.

The account authorised by the Central Committee of the C.P.S.U. (B) of the events of the October insurrection - which cannot but have had Stalin's general approval - states that Lenin arrived secretly in Petrograd from Finland on October 7th (Kerensky's account implies that Lenin's arrival was due to the failure of his police to detect his disguise at the frontier and to arrest him as a measure designed to check the insurrection which the Government knew was being planned). The Central Committee goes on to describe its own decisive meeting on October 10th when Lenin in a resolution announced that the time for an armed insurrection was fully ripe. It minimised the part played by Trotsky and says that although he did not vote against the resolution, he moved an amendment which would have reduced the chances of the uprising to naught. The Bolsheviks, however, defeated the attempts of Trotsky and other capitulators within the Party to deflect it from the path of socialist revolution. The account concludes :-

"Headed by the Bolshevik Party, the working class, in alliance with the poor peasants and with the support of the soldiers and sailors, overthrew the power of the bourgeoisie, established the power of the Soviets, set up a new type of State - a Socialist Soviet State - abolished the landlords' ownership of land, turned over the land to the peasants for their use, nationalised all the land in the country, expropriated the capitalists, achieved the withdrawal of Russia from the war and obtained peace, that is, obtained a much-needed respite, and thus created the conditions for the development of Socialist construction.

The October Socialist Revolution smashed capitalism, deprived the bourgeoisie of the means of production and converted the mills, factories, land, railways and banks into the property of the whole people, into public property.

It established the dictatorship of the proletariat and turned over the government of the vast country to the working class, thus making it the ruling class.

The October Socialist Revolution thereby ushered in a new era in the history of mankind - the era of proletarian revolutions."

/It will

It will be obvious that if obscurity is to be avoided two points must be clarified as a means to understanding what lies behind this Communist phraseology. These points are the significance of the Soviet and the part it plays in the Socialist Soviet State; and the facts underlying the so-called dictatorship of the proletariat and the position of the "Bolshevik Party as the vanguard of the working-class".

In October 1917 Lenin referred to the Soviet as a step forward in the development of democracy. For this reason and because the same principle still holds good it may be worth while to examine the system, an account of which is given in Chapters II to V of "Soviet Communism" by Sidney and Beatrice Webb. (Vide Bibliography No. 53). Very briefly the system is based on village councils and similar bodies in the smallest administrative areas in the cities and towns. These Soviets appoint their delegates to the Soviets of larger areas, thus forming the base of a pyramid at the apex of which is the Supreme Soviet of the U.S.S.R. Intermediate bodies are the district municipal and provincial Soviets and those of the constituent republics. This system is described as democratic, but it is obvious that it has not led to any alternative to the Communist Party at the top; and the dictatorship of the proletariat in effect means the dictatorship of the leaders of the Communist or Bolshevik Party. One aspect of the system which is relevant to this position is that described as "democratic Centralism" by which the members of any Soviet body have the right to express their opinions on any subject within the competence of the body in question and to submit their proposals to higher authority. Once higher authority has decided the question, Party discipline requires that it shall be unquestionably accepted by those below. The local Soviets are only competent to deal with local affairs; and matters affecting foreign policy, peace or war, or internal sovereignty must necessarily be the preserve of those in supreme control of the Union of Socialist Soviet Republics.

(iii) The foundation of the Comintern and its early stages.

When the Revolution had been successfully accomplished in Russia, Communists generally expected that similar proletarian revolutions would occur in a number of other countries and that eventually - within a very short period - the whole world would be similarly affected. It was a cardinal doctrine that capitalism involving "the division of labour" on a world-wide basis would be replaced by a socialist system also involving "the division of labour" on a world-wide and international basis. It was held that the world could not be partly capitalist and partly socialist and that the socialist system must spread until it became universal.

As a corollary Russia could not arrive at socialism independently, but once having opened an era of social transformation she could supply the impetus to a socialist development in the more advanced countries of Europe and thus arrive at a more complete stage of socialism in their wake. This is the substance of the theory of "permanent revolution" which Trotsky claimed to have evolved even before the Revolution of 1905 as an original theory according to which the Revolution which brought the "bourgeoisie", i.e. the middle classes into power would go directly over into a socialist revolution and prove the first of a series of national revolutions (vide Page 1259, Appendix III of Trotsky's "History of the Russian Revolution"). It was also held that the "bourgeoisie" in general would put up a fierce resistance to the proletarian revolution which could only succeed through the use of force, that is to say the existing possessors of property and power would resist the attempt of the working-class led by the Communist Party to seize power on the lines of the Russian Revolution.

In order to promote the development of revolution in other countries the Comintern or Third Communist International was established in Moscow in March 1919 as a "General Staff of World Revolution" (vide Page 409 of the Webbs' "Communism") and its first Congress was held in that month. The Second Congress held in Moscow in July - August 1920 was of greater importance as laying the foundations of subsequent developments and Lenin himself expounded to this Congress the indispensable conditions on which alone membership could be allowed. These were embodied in the statutes of the Communist International which laid down, inter alia, that the World Congress should elect an Executive Committee (The E.C.C.I.) to serve as the leading organ of the Communist International in the interval between World Congresses; that the bulk of the work and the greatest responsibility should lie with the Party in that country where the E.C.C.I. finds its residence; that the Party of the country in question should send to the E.C.C.I. not less than five members with a decisive vote and that ten or twelve of the largest other Communist Parties should send one each while the remaining Communist Parties and Organisations should enjoy the right of sending only one representative each with a consultative but not a decisive vote. The Communist International was to be constituted by the Communist Parties of all countries, each of which was a "section" of the Comintern. Thus the C.P.G.B., when formed in August 1920, constituted one "section". All the decisions of the Communist International as well as those of its Executive Committee were made binding upon all Parties belonging to it and every Party's programme was to be sanctioned by the Comintern or the E.C.C.I. It was also laid down that the general state of things in Europe and America made it necessary for the Communists of the whole world to form "illegal" organisations along with those existing "legally"; and that these should be under the control of the E.C.C.I. (The word "illegal" as used by the Communist does not necessarily always mean something contrary to the law of the country in question but it

/always

always implies the use of secret and conspiratorial methods). The general object in view was to bring about socialism and the "classless society" and to employ the method of a general strike conjointly with armed insurrection against the State power of the "bourgeoisie". An essential condition was intensified revolutionary work in the army and navy. This condition was afterwards expressly constituted or restated at the Sixth World Congress in 1928 but was implicit throughout in the light of what happened in Petrograd in 1917.

These briefly, ~~are~~ the facts underlying the problem with which Communism and the U.S.S.R. confronted the Security Service in this country after the Revolution and after the foundation of the Comintern. (The sources used here were, of course, not then available and many of the facts disclosed by the protagonists could not have been known at the time; but it is possible that a better general understanding of the nature of the Russian Revolution and of subsequent developments, including the project for sponsoring an early development of revolutionary situations in other countries through the Comintern would have furnished grounds for developing counter-measures on a more adequate basis).

(iv) Counter Measures.

Counter-measures to obtain intelligence to meet the situation indicated above could not but suffer to some extent in view of the fact that responsibility was divided between M.I.L.C. or S.I.S., M.I.5. or the Security Service, and Scotland House. In 1919 there was even a proposal to transfer the Bolshevik Section from M.I.5. to Scotland House, but effect was not given to this; and in the subsequent years M.I.5. was responsible for matters connected with Communism in the Armed Forces as well as for counter-espionage measures, while the Communist movement outside the Armed Forces was the responsibility of Scotland House until 1931.

As the staff in Scotland House which dealt with Communism in this country was afterwards (in 1931) incorporated in the Security Service and its records were simultaneously amalgamated with those in this office, a short reference to some of the outstanding matters dealt with by them will serve to explain the antecedents of the Security Service as it developed after 1931 with enlarged functions.

The restricted scope of M.I.5. while Communism in the Armed Forces was separated from a study of the subject as a whole was an obvious mistake, especially as the events of the Russian Revolution, if properly understood, had demonstrated the important part played by agitators who subverted the troops.

/In May

In May 1919 Sir Basil Thomson established a "Directorate of Intelligence" at Scotland Yard, apparently with the intention that it should form a combined military, naval, air and civil intelligence organisation. This obviously would have encroached on the functions of M. I. 5. and it did not develop on these larger lines; but under his personal direction settled down to obtain intelligence about Communism, both at home and abroad. It received reports from S. I. S., and by arrangement with them occasionally sent agents abroad. One important agent travelled between New York, Paris and Amsterdam and made contact with revolutionaries in those cities and with the embryonic revolutionary movements which crystallized in 1920 in the form of the Communist Party of Great Britain. Another agent visited Hungary and reported to Sir Basil Thomson on the Hungarian revolution.

In the years immediately after the war, the Russian Communist leaders continued to expect with apparent confidence the development of a revolutionary situation in other countries; and it was not until about 1923-1924 that this idea appears to have lost ground in the dominant circles in the U. S. S. R. It was doubtless in this connection that Leo Kamaeff, one of the inner circle of the Bolshevik Party who played a leading part in the Russian Revolution, visited this country and in conjunction with Alexander Purcell attempted to establish Councils of Action. The nature of his activities was disclosed by B. J. s and he was subsequently expelled. Leonid Krassin also arrived in 1920 as the official Soviet Envoy at the head of the Russian Trade Delegation. About the same time the Finnish Comintern agent Eriksi Weltheim arrived here clandestinely and attempted to form a Red Army in collaboration with Cecil Léstrange Malone. The latter was prosecuted and convicted. Russian B. J. s also disclosed that Soviet money was furnished to start the "Daily Herald" in the early 1920s. This subject was dealt with by the Government in the form of a White Paper.

Again in the early 1920s J. T. Walton Newbold, the first British Communist M. P., established the Minority Trade Union Movement with which "Chinese" Borodin was also concerned.

The general election of 1924 is famous for the affair of the Zinoviev letter which, though possibly a forgery, contained nothing that had not been seen in intercepted correspondence as going from the Berlin Bureau of the Comintern to the C. P. C. B. or the National Minority Movement. The evidence showed that the Communist Party was devoting a considerable part of its effort to propaganda in H. M. Forces. Party members were instructed to pay particular attention to serving soldiers and sailors and to make the most of any grievances. Communist pamphlets were to be distributed by every available means.

/The premises

The premises of the C.P.G.B. were searched on 14.10.25. and twelve of its most prominent members were prosecuted. During the miners' strike in the same year, the sum of over £2,000,000 was presented to the British miners under the guise of a spontaneous gift from the Russian miners, but evidence from B.J.s disclosed that the transfer of the money was effected by the Soviet Government. About this time Lord Curzon started his famous series of notes making disclosures about Soviet intrigues all over the world. An instance was a report of a transfer of notes found on a Sikh agitator on the Indian frontier which were subsequently traced to a joint account in the names of Krassin and Nickoli Klishko, Secretary of the Russian Trade Delegation in London.

The General Strike occurred in 1926. Although it had an economic basis, an important part in its development was played by penetration from below through the Minority Movement, and from above through the Anglo-Russian Trade Union Unity Committee.

In the meanwhile, early repercussions of the Russian Revolution had been the Spartacus struggles in Germany and of the short-lived Bela Kun regime in Hungary in 1919. Revolt in Italy had followed in 1920, and in 1923 Borodin was sent to China to reorganise the Kuo Min Tang on a revolutionary basis. The British Government recognised the Soviet Government in February 1924. The diplomatic and trade organisations subsequently set up in this country by the U.S.S.R. were used for conveying to the British Communist Party funds and instructions for subversive activities.

In June 1926 the British Government's protest at the subsidy sent from Russia to British strikers was met by the retort that the Soviet Government could not prevent the Trade Unions of the U.S.S.R. from aiding Trade Unionists in other countries.

In May 1927 the premises of the Russian Trade Delegation were searched (the Arcos raid) under the following circumstances.

An employee of the Trade Delegation who had been dismissed produced before our authorities a copy of a photostat of a pamphlet entitled "Signal Training, Volume 3, Pamphlet No.11" which, he alleged, had been made in January of that year under the direction of a Mr. Dudkin, one of the Russian managers of Arcos. The informant stated that he had been able to make and obtain possession of an extra copy of the photostat which he retained. The document was a military document which had been improperly obtained. It therefore furnished prima facie evidence that Mr. Dudkin, a manager of Arcos, was engaged in espionage and was using the premises and staff for the purpose. The results were not as conclusive as had been hoped owing to the decision of the authorities not to allow the search of other addresses of possibly greater significance. It was established, however, that a regular courier from the Soviet Embassy to the Trade Delegation brought correspondence which was subsequently distributed through

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the agency of the cypher clerks, and that the Trade Delegation was being used for the furtherance of Communism. Evidence was also obtained prior to the General Strike that there had been an active Communist Party cell which was comprised of Party members of all Soviet institutions in this country. This cell was in liaison with the C.P.C.B. and it was intended that it should take charge of events if a revolutionary situation developed in this country. These isolated cases are to be regarded as slight indications of the general plan to engineer revolution in this and other countries.

As mentioned above, revolutionary work in the Army and Navy was regarded as an essential condition for the development of such plans. From 1919 onwards the Security Service received information which showed that attempts to cause disaffection in the Armed Forces in this country were being made. The circumstances left no room for doubt that these efforts were being instigated and directed from Moscow. A section was accordingly created in B Division to deal with the problem and during the next twenty years it was responsible for countering this aspect of the work of the C.F.G.B. By 1926 suitable evidence had been accumulated to show that a special underground organisation of the Party was charged with the duty of making contact with members of the Forces in order to effect this type of disintegration work. One of the methods adopted was a campaign for the distribution of seditious leaflets which were secretly printed and distributed to members of the Armed Forces.

In order to meet this situation a system was developed under which the Security Service operated in close collaboration with the Staff of the three Services. Steps were taken to remove from the Forces soldiers, sailors and airmen who had come under the influence of Communist propaganda, when it was considered by the authorities that they were engaging in activities which were a danger to morale and discipline. In future cases prosecutions were launched under the Incitement to Mutiny Act of 1937.

(v) Developments in Russia: a change of policy.

After the General Strike in 1926, or perhaps earlier, the fact that Western Europe was not ripe for an early revolution must have been recognised by the Communist leaders in Russia, but it is not easy to trace the developments or to say exactly when this fact was recognised. The point appears to be obscured by the disagreements among these leaders on the subject of practical measures for meeting the economic difficulties of the U.S.S.R. at this period. These disagreements concerned economic policy within the U.S.S.R., questions of industrialisation and of the collectivisation of agriculture as well as the major question whether socialism could, or should be, developed in one country. This last question of doctrine centred round Trotsky's views on the subject of permanent or continuous revolution, according to which, the victory of socialism could not

come through the development of socialism in one country - the U.S.S.R. According to the "History of the Communist Party of the Soviet Union", the Fourteenth Party Conference in April 1925 condemned the Trotsky theory and affirmed the Party line of working for the victory of socialism in the U.S.S.R. The opposition continued, however, and it was not until the Fifteenth Congress in October 1927 that over 700,000 Party members voted for the policy of the Central Committee, i.e. Stalin, and 4,000 for those of Trotsky and Zinoviev. The two oppositionist leaders were then expelled from the Party and Stalin and the Central Committee were left free to adopt their policy which involved the establishment of relations, both economic and political, with the outside world and - apparently - the abandonment of the hope of an early revolution in other countries. Again, according to the "History" (vide Chapter 10, Page 275, *ibid*) the victory of the proletarian revolution in the capitalist countries was still in the Party programme as a matter of vital concern to the working people of the U.S.S.R. One reason for this appears to have been the 'realist' view that there was a continued danger of intervention so long as the "capitalist encirclement continued to exist". This was the official Stalinist view as opposed to theory regarding the economic difficulties in the way of the establishment of socialism unless it was on a universal basis.

While the open policy of the Government of the U.S.S.R. changed course accordingly - the acceptance of the Kellogg Pact which condemned war as an instrument for settling international disputes is a landmark - the second or underground policy - conducted through the medium of the Comintern - continued to pursue the same general objective. The Comintern continued to be for its sections in other countries the symbol of the professed intention to work for an ultimate revolution. At the same time it was an instrument of policy used in the interests of Russian security against the apprehended intervention of capitalist Powers.

(vi) The development of the Comintern machinery.

The machinery of the Comintern was developed gradually during this period. An important development was the establishment of the Western European Bureau in 1925; and Balkan, Far Eastern, and South and Caribbean American Bureaux were also established. These Bureaux acted as relay stations and transmitted instructions received from the praesidium of the E.C.C.I. and other parts of the Comintern organisation to the national sections or other groups. The official reason for this was to provide for closer connection with the individual sections and for better guidance of their work, but in Colonel Vivian's "Communism" (Bibliography No. 13) on Page 16 it is suggested that it was mainly dictated by diplomatic expediency in that it served to conceal the responsibility of bodies situated in Moscow and organically connected with the Soviet Government for activities involving interference with the domestic affairs of

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countries with which the Government of the U.S.S.R. might be on terms of bon voisinage. Other developments in connection with the Trades Unions, the Profintern, the 'United Front' organisations and Comintern finances are described in detail in Colonel Vivian's book. Soviet

(vii) Soviet Espionage.

From an early date it became apparent that the C.P.G.B. and other Communist organisations in this country, in addition to the general objective of promoting the development of a situation favourable to revolution and such still-born and even fantastic projects as the establishment of Councils of Action and a Red Army, furnished the Soviets with opportunities for developing espionage organisations. This was a new phenomenon and something entirely different from the espionage systems of countries like Imperial Germany or Czarist Russia. At the same time, Soviet espionage organisations were established which had no connection with the Communist Party and it is reported to have been a rule that any Communist who engaged in espionage on behalf of the Soviet authorities took steps to dissociate himself openly from all the open activities of the Party.

From 1921 to 1929 there was a secret organisation under the direction of Jakob Kirchenstein, an American citizen of Lettish origin who worked in close association with Peter and Tom Miller, two of the cypher clerks at the Russian Trade Delegation in London. He was, however, also in close touch with certain members of the old Shop Stewards' Movement including J.T. Murphy, Jack Tanner - later head of the A.E.U. - and Dick and Charles Beech of the Seamen's Union. He was in charge of a clandestine courier service for the purpose of transmitting secret correspondence, documents and funds dealing with both political and espionage matters.

William Norman Ewer, a British subject, at one time diplomatic correspondent of the "Daily Herald", was employed in espionage on behalf of the Soviets from 1919-1929. It was not until 1924 that he came to the notice of the Security Service through an advertisement in the "Daily Herald" which read "A Labour Group carrying out investigations would be glad to receive information and details from anyone who has ever had any association with or been brought into touch with any Secret Service Departments or operation". An agent of the Security Service was instructed to answer the advertisement and eventually established contact which was of short duration as Ewer became suspicious, but not before the main object had been achieved and many of the people involved had been identified.

The success in securing this identification was due to the skilful combination of shadowing by the outside staff of the Office and the prompt application to the problem of the content of intelligence by the section concerned. When the M.I.5. agent made contact with

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persons connected with the advertisement it was expected that the M.I.5. agent would be shadowed and arrangements were made for the shadower to be followed. Eventually, as a result of this following of the shadowers, the individuals connected with the advertisement, a man and a woman, were observed to enter the Soviet Headquarters in London at Chesham House. One of them was subsequently followed from Chesham House to a post office in the Strand where she was seen to transact some business over the counter. A description of the post office girl concerned and the exact time of the transaction were telephoned to M.I.5. by the shadower who followed the woman to the address of the Federated Press of America where she disappeared. The post office girl was questioned before she had time to forget the details and it was found that the woman who had been followed from Chesham House to the Federated Press of America had paid a telephone account on behalf of the F.P.A. The fact gave sufficient ground for the imposition of a Home Office Warrant and led to the uncovering of Ewer's espionage organisation.

Under cover of the Offices of the Federated Press of America, copies of confidential despatches from French Ministers in various capitals addressed to the French Foreign Office were sent to Ewer by George Slocombe, at that time foreign correspondent of the "Daily Herald" in Paris. Enquiries showed that Rakovsky of the Soviet Legation in London financed Ewer's organisation. It was also disclosed - in 1929 after five years' enquiry and observation - that Ewer and his associates were in receipt of information from two officials in Scotland Yard which included up-to-date lists of persons on whose correspondence Home Office Warrants had been imposed, or in regard to whom instructions had been issued to Aliens' Officers at the ports. Ewer was also forewarned by them of any impending action by the authorities against Communists or Communist organisations in this country. Ewer's organisation included a man named Walter Dale who was employed by him to maintain observation on the Offices of the British Intelligence Services and upon Russians resident in this country who were regarded with suspicion by the Soviet Government. He was also responsible for seeing that Ewer and other persons engaged on secret activities on behalf of the Soviet Government were not shadowed by agents of the Security Service or the police. The two police officials were identified and later dismissed and shortly after this Ewer left for abroad. He returned in September 1929 but the view was held that his organisation did not function again.

This case is important because it illustrates both the potentialities and the limitations of the Security Service in peacetime. It shows how it could obtain great success in penetrating an espionage organisation and also how it was difficult to take action to bring such an organisation to an end. Against the argument that there were advantages in allowing it to run on for several years because it offered opportunities of obtaining further intelligence about it and the Soviet authorities behind it, is the counter argument that Ewer's organisation was obviously important enough to be dangerous, and that all

its activities would not necessarily be disclosed by the methods available to the Security Service. Prima facie, the advertisement inserted in the "Daily Herald" was to enable Ewer to obtain agents who would be useful to him. Equally obviously, it was likely that the Security Service would attempt to put someone in touch with the persons behind the advertisement; and he may, therefore, have hoped that this would give him opportunities to penetrate our organisation and obtain information about it either by the method of observation or double-cross, or both.

In January 1928 Wilfred Francis Remington McCartney, a British subject, and Georg Hansen, a German, were convicted for espionage on behalf of the U.S.S.R. and sentenced to ten years penal servitude. McCartney had approached a friend of his, a member of Lloyds, to ask him to obtain some information about cargoes of munitions destined for countries bordering on Russia. McCartney's friend reported the matter to the authorities, and thereafter acted under instructions. Georg Hansen had been sent from Berlin by the Soviet authorities to assist McCartney. Both these men were members of their respective Communist Parties, but in McCartney's case the motive appears to have been to earn easy money rather than to serve the cause of Communism.

Early in 1930 information was received from S.I.S. that students from various countries were to attend a course due to commence in March 1930 at a school in Russia. Subsequent information proved that this was the Lenin School which had apparently been started in 1927 for the purpose of giving instruction to Communists of all countries in "legal" and "illegal" activities which it was its aim to promote. The syllabus included instruction in the history of espionage; espionage in theory and practice; the forging of documents; Communist, capitalist and political economy; practical world politics; and the methods of forming workers' committees in factories. Practical instruction was also given by attaching the students to Red Army units, and by making them familiar with the latest types of guns, tanks, aeroplanes and other weapons of war.

Those of the students who were selected to act as espionage agents underwent a further special course of training under the general auspices of the Razvedupr (the Russian Military Intelligence Service) and the G.P.U. (the Secret Police). (Subsequent enquiries showed that a considerable number of members of the Communist Party from this country attended the school during the period 1931-1935. It appears to have been closed down early in 1936.)

P A R T 5.
INTERNAL ORGANISATION AND STAFF
OF THE SECURITY SERVICE

The Staff on 4th August, 1914, was -
9 officers, 3 civilians, 4 women clerks, 3 police.

At the Armistice, the numbers were -
At Headquarters - 84 officers and civilian officials,
15 men clerks, 291 women clerks,
23 police, 77 subordinate staff.

At controlled home ports, permit offices and missions
in Allied countries

- 49 officers and civilian officials,
7 men clerks, 34 women clerks,
255 police, 9 subordinate staff.

Total - 844

By 1929 M.I.5. had received the title of the
"Defence Security Service", the "Chief" being Colonel Sir
Vernon Kell, and the "Deputy-Chief" being Lt.-Colonel
Holt-Wilson. At this time there were two branches - A
and B. A Branch under Major Phillips contained only
three officers and dealt with administrative and preventive
measures while B Branch under Mr. Harker was responsible
for investigation and consisted of five officers and one
woman officer. There was also a staff of three in the
'Observation' section, for shadowing suspects and making
confidential 'outside' enquiries.

This very small staff was responsible for all
aspects of counter espionage work against German, Russian
and other organisations. It was obviously precluded, if
only by its size, from making any extensive enquiries and
the machinery in S.I.S. on which it had to depend for
information from abroad was also too small to cope with
any volume of work. The methods available to the 'Defence
Security Service', viz. the H.O.W. and agents employed in
this country had obvious limitations. A factor which
could not but have a very definitely limiting effect was
the general atmosphere - both internationally and in
Whitehall - in which the work had to be done. The pay
was small and the prospects such as to make no appeal
except to a certain number of officers with private
incomes. The work itself was light and no one in
authority in the War Office or elsewhere was closely
interested. It is a tribute to Sir Vernon Kell's
personality that the organisation was kept in being under
such conditions and at least provided something to build
on when the need arose. There were occasions when there
was some danger of its being abolished.

CHAPTER III

REACTIONS TO DEVELOPMENTS ON THE 'RIGHT' AND 'LEFT'
IN INTERNATIONAL AFFAIRS
1931-1939

P A R T 1.

COMMUNISM AND THE U.S.S.R.

1931-1939

(i) Changes of function as the result of
reorganisation affecting the Security Service, S.I.S.
and Scotland Yard.

In 1931 the functions of M.I.5. were changed as the result of an enquiry presided over by Sir Warren Fisher (Treasury), with whom were associated Sir Robert Vansittart, (Foreign Office) and Sir John Anderson (then Permanent Under Secretary of State at the Home Office) and Sir Maurice Henkey.

This enquiry arose from the fact that S.I.S. had employed an agency for enquiries in this country and, as the information obtained was of value to M.I.5., had communicated it to them without disclosing the nature of its source. When this became apparent, the whole question of the functional relations between S.I.S. and M.I.5. was raised. At this meeting Sir John Anderson took the line that he could not agree to secret agents being employed inside this country by S.I.S. as an organisation which was not ultimately responsible to the Home Secretary. Sir Robert Vansittart felt that the converse held good, i.e. that M.I.5. should not employ agents abroad.

The result of the enquiry was that Section V was established in S.I.S. as a circulating section to serve as a channel for all communications between S.I.S. and M.I.5., in the same way as other circulating sections served as channels to the Foreign Office, the War Office and so on. Prior to the establishment of Section V individual officers in S.I.S. and M.I.5. had corresponded and dealt with one another indiscriminately, and it was held, in S.I.S., that the creation of Section V with expert knowledge of the requirements of this Office would conduce to greater efficiency in the despatch of the business of the two sister Services.

At the same time, it was decided that the staff which had been employed at Scotland Yard to deal with what were described as "intelligence duties connected with civil security" should be transferred to M.I.5., while Irish and anarchist matters were to remain with Special Branch.

This transfer of staff involved the transfer of the responsibility for the work previously done in Scotland Yard in connection with Communism. The functions of M.I.5. were thus expanded to an important extent. They became responsible for all intelligence

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dealing with the activities of the C.P.G.B. and therefore of the Comintern in this country. The three organisations which had been responsible for intelligence work in this field were reduced to two, and the respective functions of the latter were more closely defined as a result of the creation of Section V.

The functional division as between Section V and B Branch of the Security Service was unofficially defined as being on the basis of the "three-mile limit" of all British countries. This definition served very well as a working rule under the conditions prevailing in the period 1931-1939; but it failed later in wartime. An essential factor during the period of its success was the goodwill and readiness for give and take between the officers concerned at all levels.

No contemporary document embodying these far-reaching decisions is now forthcoming, but in 1933 Lt.-Colonel Holt-Wilson drew attention to the fact that while the change had been communicated to the police all over the country, the Directorate of Military Intelligence was only aware in a vague way that the Security Service had taken over "certain civil duties from the Metropolitan Police on behalf of the Home Office" and there was no document relating to the transfer on record in the War Office; and that there were no accurate records in this Office on the point. A memorandum was then prepared by him so as to place the facts on record (vide SF.50-15-24). The memorandum mentions that "Sir John Anderson pointed out that the Intelligence Committee considered that M.I.5., in its position as the Combined Defence Security Service, was the most appropriate organisation to take over and centralise these national and imperial Security Services". It also mentioned that "it was agreed that the designation 'M.I.5.' should be retained for such official convenience as it could afford, without prejudice to the appropriate internal organisation of the Security Service to perform the duties required respectively by the Intelligence Committee and the heads of the Defence Services".

The object underlying this memorandum by Lt.-Colonel Holt-Wilson evidently was to make it clear that the Security Service was no longer in any sense a part of the Directorate of Military Intelligence, and that its functions included the duty of supplying intelligence to the Home Office and Foreign Office as well as to the Defence Services. There does not, however, appear to be any authority prior to this memorandum for the use of the terms "Combined Defence Security Service" or "Civil security", and they were evidently used as a means of facilitating the change in status.

Sir John Anderson had pressed that the change should be made from 1st October 1931, and Sir Vernon Kell had agreed to do so subject to the approval of the Chief of the Imperial General Staff and the heads of the Defence Services. This approval was obtained verbally.*

* This is based on the statement of Brigadier Harker and the fact that there is nothing on record on our files to show that any written communication took place on the point.

The fact of the change was communicated to all British Police officers and other authorities concerned, including overseas contacts. Even then no detailed reasons for the change were placed on record in the Security Service or, so far as can be learnt, in any other office, and no statement of its implications appears to be available.

(ii) Results of the changes: collaboration between the Security Service and S.I.S.

These changes inaugurated a period of close and fruitful collaboration between the Security Service and S.I.S. through the medium of Section V which, under the direction of Major Vivian, became expert in the wide range of subjects covered by the activities of the Comintern. In the course of the next few years he was able to develop the resources of S.I.S. for the purpose of obtaining intelligence by means of penetrative agents inside various Comintern or allied organisations in several countries. Intelligence thus obtained was augmented and amplified by the interception of Comintern wireless messages and by following up some remarkable enquiries in China and Brazil. These last-named enquiries arose from information supplied by one very valuable agent, Other important agents were cultivated in France, Holland and Scandinavia.

These various enquiries made it possible - in combination with the results of enquiries made by the Security Service into the affairs of the C.P.G.B., the Western Europe Bureau and other Comintern organisations - to obtain a very detailed picture covering a very large part of the whole subject. This was embodied by Major Vivian in his "Communism (General Aspects)" April 1934 and "Communism (Organisation and working)" December 1934, an important part of the material for which was obtained from Security Service sources, while some part of the description of the framework of the Comintern was derived from papers prepared by the T.U.C. which has generally been well-informed on the subject of Communism.

This material is too voluminous to be summarised here. Some of the outstanding points have already been mentioned. Other points of cardinal importance are Major Vivian's analysis of the relations between the Comintern and the Soviet Government; his facts about the Comintern organisations, including the Central System, the National Sections, the Trade Unionists and Occupational Organisations, the "United Front" organisations and Communist finance. "United Front" organisations are mentioned as being, according to Stalin, the result of tactics set up by Lenin to make it easier for the millions of workers in capitalist countries..... to come over to Communism. In plain language, the "United Front" was a tactical manoeuvre devised for the purpose of bringing liberal-minded persons and "advanced thinkers", especially members of the Second International, into touch with Communists, and ultimately under their

/leadership.

leadership. The "United Front" organisations included:-

Workers' International Relief
International Class War Prisoners Aid
League against Imperialism and for National
Independence
Society for Cultural Relations with Soviet
Russia
Friends of the Soviet Union
International Union of the Revolutionary Theatre
International Union of Revolutionary Writers
International Juridical Association
World Committee against War and Fascism

Major Vivian described them as a system of practically planned organisations driven by the momentum of a central force exerting pressure or inducement at every weak point in the political and social structure of every country in the world with a view to bringing about every kind of disintegration of the existing civilisation. He reached the conclusion that Communism was an international criminal conspiracy; and maintained that it was as such, rather than as a political movement, that the Security authorities of every country must treat it.

(iii) Light thrown on the C.P.G.B. as a Section of the Comintern by information obtained by S.I.S. in other countries.

The investigation of numerous individual cases and the collation of all the information available from abroad and at home illustrated the need for the closest possible collaboration between Section V and B Branch of the Security Service. The relations between the C.P.G.B. and the Comintern; of which it was a Section, appeared in a very different light when seen in conjunction with the intelligence obtained by Section V from Europe, Asia and America. Certain facts which emphasised this are therefore worth mentioning briefly.

In the early nineteen-thirties a joint mission of the Secret Military Section of the Comintern and the Intelligence Service of the Red Army was responsible for reporting on and furthering certain measures which aimed at developing the Chinese Communist forces as a potential counter to the Japanese forward moves in Manchuria and their threat to the position of the U.S.S.R. in the Far East. As a result of information obtained by the S.I.S. representative in in connection with this joint mission one Hilaire Noulens was arrested on the 15th June, 1931, in and the archives of two Communist organisations were seized. These were the Far Eastern Bureau of the Comintern and the Secretariat of the Pan-Pacific Trades Union Secretariat. These archives afforded a unique opportunity of seeing from the inside and on unimpeachable documentary evidence the working of a highly-developed Communist organisation of the illegal type. The documents of the Far Eastern Bureau were in German and in cypher. Those of the P.P.T.U.S. were in English and less guarded in phraseology. The personnel

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of the two offices was entirely distinct; their budgets and accounts separate; their controlling bodies were different; but the conspiratorial machinery for the secret receipt of correspondence was common to both. The Far Eastern Bureau was in constant communication with Communist Parties all over the Far East and with the Comintern via Berlin. Under close Comintern control it developed, in co-operation with the P.P.T.U.S., every phase of Communist activity including the selection and despatch to Moscow of students from all those countries for training in the Lenin school and in the Communist University for Workers of the East. The conspiratorial methods of both organisations included concealment of financial transactions by recourse to a number of Chinese banks and safe deposits; the use of cyphers, pseudonyms, "borrowed" or forged passports of many nationalities and the maintenance of an elaborate system of accommodation addresses. Noulens and his wife were sentenced to a term of life imprisonment by a Chinese Court.

Part of the Comintern apparatus which had been concerned in the joint Comintern-Red Army Mission in China was transferred to Brazil in accordance with a plan worked out in Moscow by Manuilski, the head of the War Section of the Political Commission of the Comintern. Comintern opinion held that a favourable situation existed for the development of a revolution in Brazil between 1934 and 1935. Shortly before this time its chiefs had found in Luis Carlos Prestes an ideal leader for a Brazilian revolution which they intended should be fomented on a purely nationalist basis, the Communist nature of its background being most carefully concealed until the position had been consolidated. The disguise was then to be shed and Brazil was to be sovietised. S.I.S. obtained detailed and reliable information of the plans which were prepared in Moscow in October-November 1934 and subsequent evidence proved its complete reliability. Prestes secretly returned to Brazil in the spring of 1935 having been preceded by members of the Comintern apparatus from China. Early in 1935 these agents devised and brought into existence in Brazil the "National Liberationist Alliance" which by a clever campaign of publicity kept Prestes' name in the public mind as a coming liberator, but the members of the Alliance were unaware of Prestes' conversion to Communism and did not envisage the establishment of a Soviet regime in Brazil. While the Comintern experts made preparations for a revolt of the civil population, Prestes was working to obtain support in the Armed Forces for a military revolution with the ultimate intention of sovietisation. When certain difficulties arose, the question whether or not the civil population was to be considered ripe to participate in the military revolt was referred to the Comintern in Moscow. The Comintern procrastinated but Prestes' supporters in the army could not be restrained and unauthorised outbreaks occurred in certain regiments in the North of Brazil. This led Prestes to make a bid for power in Rio de Janeiro.

S.I.S. had arranged for a representative to keep in touch with developments. The Brazilian Government was forewarned and was enabled to take timely action to forestall the revolutionary attempt in the capital. Prestes and two of the principal Comintern agents were arrested and tried but others escaped.

An important aspect of this Brazilian Revolution was that events proved that the original information about the plans made in Moscow was correct. It is therefore a reasonable assumption that statements from the same source and forming part of the same information were also correct when they described the ultimate intention in the minds of the Commission of the Comintern that this Revolution should eventually lead to the Sovietisation of other American countries.

(iv) Comintern communications with the Communist Parties in Great Britain and other countries: information regarding Comintern finance and subsidies to its 'Sections'.

In January 1935 information received from S.I.S. - it was based on the interception and decyphering of wireless messages - led to the discovery that the C.P.G.B. was communicating with Moscow through a wireless set which had been installed in January 1934. The location of the set was not at first known but it was eventually traced to an address in Wimbledon which was that of a member of the Communist Party named Stephen James Wheeton. The address was kept under observation with the result that it was learned that Wheeton was in the habit of meeting one Alice Holland, a well-known member of the Communist Party. Wheeton operated the set until April 1935 when his place was taken by another Communist named William Morrison. The set was operated until October 1937 after which date no further messages have been picked up. While it was operating the transmissions took place almost every night. Transmissions to and from Moscow were in code and the messages dealt with a variety of subjects. Those from Moscow included directions and instructions regarding the line to be taken in propaganda and in Party policy generally. They gave, among other things, details regarding subsidies paid by Moscow, a large part being allocated to the "Daily Worker". They were also concerned with details regarding the despatch of students from this country to the Lenin School in Russia and with the movements of couriers.

The London/Moscow transmissions were part of a large network with a number of stations in different parts of the world and the material dealt with a variety of the affairs of the Comintern and its Sections in different countries. As is usual with material of this kind the messages were often obscure and difficult to understand in the absence of a detailed knowledge of their context. These difficulties, together with the shortage of staff in Section V, had the unfortunate effect that a complete study and analysis of the messages was never made. Major Vivian was, however, able to extract useful intelligence from a number of messages and, in particular, obtained a certain picture of some of the details of Comintern finance and its measures for subsidising its Sections in other countries. Information about the names of couriers and active Communists, including certain British crypto-Communists, was obtained from this source.

An issue which cannot be evaded arises from the question whether more could not have been made of this material if it had been thoroughly worked up in conjunction with the records of the Security Service in such a way as to produce collated material of permanent value. To achieve this satisfactorily more detailed information about a number of foreign Communist Parties would have been necessary, but much of this could have been obtained from open sources such as the Press. Alternatively, better results might have been obtained if the S.I.S. Registry had been a much larger and effective machine than it was. Some details of the results of enquiries made by Section V into the subsidising of national Communist Parties by the Comintern are given in Major Vivian's "Communism (Organisation and working)" (vide Bibliography No. 13). Subsequent information has not been fully analysed.

The nature of the relationship between the Comintern organisation and the World Congresses was referred to in Chapter II, Part 4, (iii), where it was mentioned that the Sixth World Congress was held in 1928. The Seventh World Congress was not held until 1935; and this delay is to be attributed to the direction taken by Soviet foreign policy. In September 1934 the Soviet Union had joined the League of Nations and coincidentally the Comintern adopted "United Front" tactics as the policy of its Sections. The Seventh and last World Congress was held in Moscow from July 25th to August 21st, 1935, and George Dimitrov was appointed General Secretary of the Comintern. He had been living in the U.S.S.R. since his acquittal at the Reichstag Fire Trial when the Soviet Government had bestowed on him Soviet nationality and had demanded his extradition from Germany. The Congress dealt with the issues of war and Fascism and is famous for the reports by Dimitrov on "The offensive of Fascism and the tasks of the Communist International in the struggle for the Unity of the Working-class against Fascism", and by Ercoli, alias Togliatti, an Italian member of the Comintern, on the "Tasks of the Communist International in connection with the Imperialist preparation for a new World War". Summing up the results of the Congress, Dimitrov said they had been "the complete triumph of the unity between the proletariat of the country of victorious Socialism - the Soviet Union - and the proletariat of the capitalist countries which is still fighting for its liberation". Various reasons have been assumed for the failure to summon another Congress but there can be no doubt that it is not unconnected with the line taken in Soviet foreign policy in the face of the developing threat of Nazi aggressiveness and the view taken in Moscow of the world situation.

Throughout this period 1931-1939 - and indeed until the German attack on Russia in 1941 - the underground Party organisation responsible for disintegration work in the Armed Forces continued its activities. In 1931 the "incident" at Invergordon, for which the Communist Party was not responsible, was exploited by them and every effort was made to promote future disaffection and trouble

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in the Navy. In 1932 it was represented to the Government that the Law relating to this subject was cumbersome and out-of-date. As a result of continuous representations by the Security Service the Government eventually introduced and secured the passage through Parliament of the measure known as the Incitement to Disaffection Act. This measure only became law at the end of 1934 in a form which did not include all the provisions originally suggested when it was first promoted. In 1937 a successful prosecution under this Act was launched against a civilian who was sentenced to twelve months' imprisonment.

The underground Communist organisation which was responsible for this work was also concerned in a number of cases of sabotage in Government establishments and on H.M. Ships between 1928 and 1934.

(v) Soviet Espionage 1931-1939

The importance of the change in 1931 described above in regard to its bearing on counter espionage work soon became apparent. The wider scope given to the Security Service, in that it was concerned with the enquiry into the internal affairs of the C.P.G.B., led directly, not only to increased knowledge about the C.P.G.B. as a Section of the Comintern, but also threw light on the employment of individual members of the Communist Party as agents of the Soviet Military Intelligence Service.

A direct consequence of the re-organisation of functions in 1931 was that the agency which had been employed by S.I.S. and had furnished them with information about Communist matters inside this country came under the control of the Security Service, where it was later known as the M Section. The functions of the M Section were to specialise in the training and employment of agents for counter espionage purposes, i.e. to penetrate organisations such as the C.P.G.B., known enemy Secret Service organisations, and after 1933, the British Union of Fascists.

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Percy Glading, who had for many years been one of the leading members of the C.I.G.R. and a paid official of the League Against Imperialism, resigned these positions and apparently severed all connection with them in March 1937. From that time onwards he was employed first under one Paul Hardt, an Austrian, and later under one Willy Brandes who posed as a French-Canadian, both being important agents of the Soviet Military Intelligence. Glading had formerly been employed in Woolwich Arsenal and through his contacts there he arranged to obtain a number of blueprints and other secret documents. Glading, as a rule, had them photographed and returned the same evening so that they could be replaced the next day without being missed. The photography was done by Soviet agents at a flat

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In due course, the officers of the Security Service came to the conclusion that Glading could not be allowed to continue to obtain documents in this manner, and steps were taken to arrange for the simultaneous arrest and search of various individuals who were party to the transactions for obtaining and photographing the documents. Glading was eventually sentenced to six years' imprisonment for espionage on behalf of the U.S.S.R.

Paul Hardt visited this country as the representative of a firm of textile merchants named Gada of Amsterdam which, though it was engaged in legitimate business, was evidently established in order to serve as a cover for espionage. The real nationality of Willy Brandes was not discovered. He had obtained a false Canadian naturalisation certificate with the assistance of an agent of the Soviet Intelligence in the U.S.A. He visited this country as the agent of a furniture company in New York and as a traveller for an American firm specialising in face powder. Glading was financed entirely by these two men.

There have been numerous instances in which investigations have shown that the Soviet Military Intelligence Service established business firms or companies to engage in legitimate trade and also to serve as a cover for espionage. One of the most

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important of these was the Far Eastern Trading Co. Ltd., of Upper Thames Street, London. In other cases the Soviet Trade Delegation has been used as a cover for espionage.

The events of this period, 1931-1939, made it abundantly clear that the study of the C.P.G.B., of the Comintern and of the Soviet Military Intelligence and their agents could not be separated or dealt with by separate British organisations without grave loss of efficiency and without causing an inability to plan action constructively and follow it up intelligently. They also proved that the closest co-operation was necessary between Section V and B Branch for similar reasons; and that given the necessary goodwill, satisfactory results could be achieved; that neither organisation could afford to be left in the dark about the important results obtained by investigation; made by the other; and that the work of the two was complementary in the fullest sense of the word. If due allowance is made for the shortage of funds and of staff, the degree of success obtained as a result of good collaboration can fairly be claimed as being on a high level.

P A R T 2.

THE NAZI THREAT

1933-1939

(i) The Problems presented by Germany

The problems presented to the Security Service by Germany during this period fall under the headings:-

- (a) the NSDAP (Nazi Party) and its Auslands Organisation;
- (b) the Nazi Party and its relations with the Fascist Movement in England;
- (c) general intelligence regarding Hitler's policy and preparations for war;
- (d) German Espionage 1933-1939.

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(a) The NSDAP (Nazi Party) and its Auslands Organisation.

The Nazi threat attracted practically no attention in the Security Service between 1931 and 1933 and very little when Hitler and the Nazi Party came into power in Germany. About a year later, however, B Division, then B Branch, of the Office, reported to the Director of the Security Service that the activities of the Nazi Party organisation established in this country deserved special attention. At the same time, although there was no knowledge of any direct connection between the two for subversive purposes, the growth of the British Union of Fascists under Mosley gave grounds for increasing interest in his movement on the part of the Home Office; and it was decided early in 1934 that the Security Service should be entrusted with the duty of watching and reporting on Fascist movements. There appear to have been two reasons for this. Firstly the various Police Forces were not in a position to report on these movements from such a broad point of view as the Security Service, and secondly - and this was perhaps the decisive reason - there were good grounds for believing that the British Union of Fascists was being financed to a substantial extent by the Italian Dictator at the same time that it was observed to have certain contacts - apparently arising out of "ideological" sympathies - with the Nazis.

Some months elapsed before it was finally decided to institute active enquiries into the development of the B.U.F. and they were only started in April 1934. These enquiries very soon showed that there was close sympathy and some personal contact between the members of the Auslands Organisation in London and some of the principal personalities at Mosley's headquarters. They also showed that while the B.U.F. was being financed by Mussolini, there were elements in it, of which the leaders were W.E.D. Allen, William Joyce, Raven Thomson and a German Australian named Pfister, who had closer sympathy and contact with the Nazis. It was significant, however, that when these contacts showed signs of getting out of control Mosley issued orders forbidding any contact with foreign organisations except under the direct control of his own headquarters.

These developments, and the general political situation on the Continent with special reference to the general process of "Gleichschaltung" in Germany; the assumption of the chief military as well as civil offices by Hitler after the death of Hindenburg - and thus the unification in his own person of the offices of State which gave him dictatorial powers; and such incidents as "the night of the long knives" combined to focus attention on the potential significance from our point of view of all aspects of the development of the Nazi Party. The almost simultaneous occurrence of "the night of the long knives" and the ruthless beating up of their opponents by Mosley's Fascists at Olympia had the double effect of discrediting Mosley's movement in the eyes of

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many people who had tended to sympathise with it, and of drawing attention to its close affinities with the Nazis. In spite of attention in this Office being accordingly concentrated on both the German and the British organisations, considerable difficulty was experienced in obtaining permission to investigate the activities of either movement in this country in the only way in which this Office could at that time obtain inside information, other than by placing its own agents inside the organisations with a view to penetrating them. That is to say, the permission to intercept correspondence under a Home Office Warrant was refused for some time in both cases.

By an accident a German was reported to have been arrested in Switzerland in January 1934 with the London address of the Nazi Party Auslands Organisation in his possession in circumstances that appeared to indicate that the address was connected with the Gestapo. Whereupon Sir Vernon Kell saw Sir Russell Scott, the Permanent-under-Secretary of the Home Office, and asked him whether he expected the Security Service to take any special steps about Nazis in this country. Sir Russell Scott replied that unless we discovered in the ordinary course of our work any case of subversive propaganda or other inimical steps against the interests of this country we were to leave them alone and therefore no H.O.W. should be applied at any rate for the time being. Captain Liddell thereupon made further enquiries, and in June 1934, judging that a H.O.W. on addresses in Germany would be more readily obtained than one on the address in London, applied for and obtained permission to intercept the correspondence going to two addresses in Hamburg with which he knew that the branch of the Auslands Organisation in London was corresponding. The ground for this was given as being that the headquarters of the Nazi Party in this country was acting as an agency of the German Secret Police. Thus the accidental arrest in Switzerland eventually furnished a ground for getting over the Home Office reluctance to allow us to obtain intelligence about the Nazi organisations on British soil and led to the amassing of very voluminous and illuminating intelligence on the nature of the Nazi State and its aggressive tendencies. (As explained below, Home Office Warrants were applied to a few unimportant members of the British Union of Fascists, but the Home Office consistently refused to do so in the case of Mosley himself).

Looked at in retrospect, it is obvious that not only in official but in wider circles there was a general failure to appreciate the character of the Nazi Party and the part it played in developments in Germany during the years following its accession to power. In the light of after events it is easy to see how Hitler sought English friendship in pursuance of a general plan to secure German hegemony. The information which flowed into this Office as a result of the watch which was kept on the Nazi Party Organisation, gradually began to show how the whole power of the machinery at Hitler's disposal was used to promote goodwill in this country towards Germany, and even to

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encourage where possible the spirit of pacifism, while Germany was being rearmed and its people toughened in preparation for the war which he afterwards started.

It was not until 1935 that a full enquiry commenced into the subsidiary consequences of the general Nazi policy in the shape of the Auslands Organisation as established all over the world (except, as far as the evidence went, in Russia).

A report on this subject was prepared in B Branch in 1935 (vide Bibliography No. 3), in the course of which it was pointed out that the objects of the Auslands Organisation were "the welding together of all Germans abroad, and all seafaring Party members, into one great block", and that emphasis should be laid on the potentialities of the all-embracing organisation of a Party which had absorbed the whole apparatus of the State. Among the results in countries outside Germany was to be counted the fact that, since the Nazi machine had unprecedented power over the individual, it could direct the energies of every member of the Party in any desired direction. It was pointed out that because at that time the Führer desired English friendship, every German was adjured to act and speak with that end in view, but we could not lose sight of the fact that in certain eventualities the whole energy of the machine could be utilised in the reverse direction. The machine was a ready-made instrument for intelligence, espionage and ultimately for sabotage purposes. The idea of the claim to the allegiance of all Germans who had settled abroad was older than Hitler, and was not likely to be lightly abandoned. Still less was that expressed by Baldur von Shirach of the Hitler Jugend of "building in the hearts of Youth a great altar on which Germany stands". Hitler and his friends had placed before all the Germanic peoples the question whether this larger patriotism was to be a more powerful material and emotional influence than their older religions.

This report formed the subject of discussion with the Foreign Office, the Home Office and other Government Departments. Numerous supplementary reports outlining the development of the Nazi Party Organisation were submitted. The question was ultimately referred to the Cabinet, but it was not held that any action could be taken to curtail the activities of the Auslands Organisation on British soil. When, however, the German Government proposed to appoint Otto Bene, the Landesgruppenleiter or head of the Organization in the United Kingdom, to be Consul-General for Germany in London, the Foreign Office raised objections and the German Government recalled him.

At the beginning of 1935 the Nazi Government reintroduced conscription and promulgated the new law under which "every German and every German woman was bound in time of war to serve the Fatherland". The law was made applicable to Germans who had British or other nationality in addition to their own. It even made provision for the punishment of dual nationals living in

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foreign countries who failed to report and register for service in Germany. (There was evidence that the Nazi Party machinery was used to enforce it). The introduction of this law had a considerable psychological effect on Germans resident in this country. It was regarded as emphasising the nature of the total war of the future. At the same time information was received from S.I.S. regarding the large-scale re-armament which was going on in Germany.

In March 1936 Hitler, against the advice of the German General Staff, ordered the re-occupation of the Rhineland. From indications which reached M.I.5., and particularly the intercepted correspondence of the Nazi Party in the United Kingdom, it appeared that he was influenced by reports received from the Nazi Organisation in London, including those of the head of the German Chamber of Commerce, which forecast that the British Government would not take military action as the result of the German move.

Under the influence of this atmosphere officers in B Branch of this Office felt that recent developments in the general situation made it incumbent on the Security Service to examine the problems with which it was directly concerned with greater care than had been necessary at any time since 1918. They prepared a memorandum in the middle of 1936 (vide Bibliography No. 52) on the possibilities of sabotage by the organisations set up in British countries by the totalitarian Governments of Germany and Italy.

This memorandum was sent by the D.S.S. to the Joint Intelligence Sub-Committee of the Committee of Imperial Defence.

The memorandum suggested that the possibilities of sabotage by the Auslands Organisation or the Fasci all' Estero were of sufficient importance to be brought to the notice of the Minister for the Co-Ordination of Defence, and that information which had accumulated regarding these organisations made it desirable to review certain questions relating to the employment of individuals of German or Italian origin or descent, in the Armed Forces, Government establishments, and firms concerned in the production of ships, aircraft and munitions. It was also suggested that measures to enable M.I.5. to watch these organisations satisfactorily would involve a considerable expense and an increase of staff.

After referring to the official Nazi view of the constitution of the Nazi State in which the State, the Party, and the Armed Forces, were all under the personal control and command of the Führer, it went on to mention the views put forward under the aegis of von Blomberg, the Reichskriegs-minister and Oberbefehlshaber der Wehrmacht, regarding the relations between National Socialism, the Wehrmacht, and what was described as Wehrpolitik. Wehrpolitik was explained as meaning "in the sense of National Socialism", the co-ordination of the fighting forces of the nation, and their direction and their steeling towards the will for self-assertion and the development of all

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their inherent political possibilities. As head of the State, leader of the Party, and Supreme Commander of the Armed Forces, Adolf Hitler was the lord of Germany, with a power almost unexampled in history. There was no longer any separation in the supreme direction of foreign policy and military strategy and the organisation of the whole people for military purposes was centralised. The new army was the creation of Adolf Hitler, and with other organisations of the Party and the State was to work, in accordance with his will to "educate" the "new" German people.

The memorandum went on to suggest that Hitler's intentions were indicated in his "Mein Kampf" and that his acts spoke more decisively than his words. All his acts showed that his constant aim was to secure power to promote and increase the strength of Germany until none could stand against her; that he had no conception of law as understood in British countries; and that he would shrink from no violence and no crime in order to have his way.

It was in the light of these circumstances that consideration should be given to the significance for Great Britain, the Dominions and Colonies of the Auslands Organisation of the National Sozialistische Deutsche Arbeiter Partei.

The memorandum also suggested that in the light of the conduct of the Abyssinian War, it was superfluous to say that Mussolini's principle in international affairs was the use of force without restriction and without restraint. It mentioned that there was reliable information that the heads of the Partito Nazionale Fascista intended to use their organisation to sabotage British aerodromes and aircraft in the Mediterranean area, when it was expected that war between Britain and Italy might break out in 1935. The nature of the official British attitude and the complete failure to recognise the real position were demonstrated by the fact that a considerable number of Italians were at that time employed in the civilian establishment of British aerodromes in the Middle East. It was believed that some of these men were members of the Italian organisation for sabotage.

This memorandum was reviewed by the Joint Intelligence Sub-Committee, who recommended that attention should again be directed to the potential danger of Nazi and Fascist Party Organisations in this country and throughout the British Empire; that the Security Service should be directed to continue to study these problems; that detailed plans should be worked out for dealing with members of the Party Organisations in an emergency; that the Service Departments should take certain protective measures in regard to the Armed Forces, establishments and firms engaged in secret and general munition work; and that the Dominions and Colonies should be warned of these special dangers and advised by the Security Service regarding special measures for their own protection.

/No

No important increase in the staff of the Security Service for dealing with these matters or with espionage was sanctioned as a result of these representations.

In 1937 B Branch prepared additional notes on the Auslands Organisation (Vide Bibliography No. 4) and sent them to the Home Office, the Foreign Office, and the Directors of Intelligence of the three Services. Copies were also sent to the Dominions, India and the principal Colonies; later copies were sent to the State Department in Washington and the Deuxieme Bureau in Paris.

These notes dealt with the Auslands Organisation on more comprehensive lines than previously and emphasised the question of principle as affecting sovereignty, which arose from the fact that it was an extension on British territory of the machinery of the Party-State; and pointed out that its branches functioned as subsidiary organs of the German Police system. They mentioned that E.W. Bohle, the Gauleiter of the Auslands Organisation had been appointed to be chief of that Organisation as now incorporated in the German Foreign Office. They enlarged upon previous references to the part which it was expected that the Party Organisation abroad might play in time of war; and the part which it was apparently intended to play in the furtherance of the general policies of the Nazi leaders.

Evidence was supplied of the manner in which Germans were allowed to acquire other nationalities while retaining their German nationality, when it was considered to be in the interests of Germany that they should do so, the implications being that the loyalty to Germany was regarded as binding, while the supposed allegiance to the foreign State was an empty form. For this and other reasons it was suggested that the whole question was one of special interest to the Dominions.

At the beginning of 1938 a report on the Auslands Organisation in Canada was received from the Royal Canadian Mounted Police. It followed the lines taken in our reports and added important details regarding the Canadian Society for German Culture or the Deutscher Bund (composed wholly or mainly of Canadian British subjects of German origin or extraction), which it was explained was intended to serve as an auxiliary of the NSDAP. The control exercised by the Auslands Organisation over the Canadian Society for German Culture was described as of a positive nature, and a confidential circular to district leaders in Canada was quoted to the effect that "the recognition of the Bund had been granted by the Auslands Organisation for certain reasons it is impossible openly to documentise this or even make it known to the members". There was also evidence of a report having been called for, asking which of the local leaders were still German citizens; and there were indications of the same attitude towards dual nationality which had been observed in Great Britain. The importance of this question in Canada was associated with the fact that there were nearly one hundred thousand German immigrants between

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April 1925 and March 1936. Evidence of the part which members of the Nazi Party thought that the Germans in America ought to play as a medium between Nazi Germany and the American people, had come to our notice and there was also evidence that in spite of the American objections to the establishment of the Nazi Party Organisation in the U.S.A., the Organisation did in fact function as an entity separate from the German American Bund.

B Branch exchanged information with the authorities in Australia, New Zealand, South Africa and some of the Colonial administrations in regard to local developments of the Nazi Party and supplied them with copies of memoranda compiled here and other general information on the subject. Not unnaturally the problem assumed special importance in the two former German Colonies in Africa, i.e. Tanganyika and the South West, both of which are referred to in the Additional Note on the Auslands Organisation - 1937 (Bibliography No. 4). Subsequent to that date the police authorities in Pretoria and East Africa informed us of local developments.

Their close contact with the development of the Auslands Organisation machine convinced officers of B Branch that these developments must ultimately involve a conflict of interests between the "Deutschtum" of the Nazis and the established order both in the U.S.A. and in the British Empire. It therefore seemed desirable to arrange for an exchange of information with the U.S.A. authorities, and in the beginning of 1938 steps were taken to provide for this. The underlying idea was that an exchange of information - even on these restricted and relatively unimportant lines - would have a tendency to lead in the direction of closer collaboration, perhaps on more important issues, between the Governments of Great Britain and the U.S.A.

(b) The Nazi Party and its relations with the Fascist Movement in England.

The enquiries by B Branch into the British Fascist Movements, including the British Union of Fascists, began in April 1934 and for the next two years frequent periodical reports on the subject were forwarded to the Home Office and the Foreign Office. Information contained in these reports has been summarised - and amplified on the basis of later evidence - in a booklet prepared in this Office in July 1941 (vide Bibliography No. 6). All the information contained in this booklet was not available in the early years of the enquiry and, in particular, the use of such an organisation as machinery for internal disruption as a part of German military strategy was not in the circumstances of the time clearly envisaged, although the general nature of the danger was perhaps rather dimly perceived, but as a political rather than a military one. Experience in other European countries has thrown more light on this subject but the full facts regarding the German plans to use such organisations as the "Fifth Column" are not fully known even now (in 1945). There would seem to be no ground to doubt that when the German

army invaded Holland some of the NSB Party played the part designed for them by the Germans; and similar events occurred in Norway and elsewhere. It is to be noted, however, that wherever the "Fifth Column" was used it was only an auxiliary in a military situation in which the preponderance of German power was already decisive. On the other hand, when the Germans retreated from the Western European countries they attempted to use members of the native National Socialist Parties as stay-behind agents, with little success, for obvious reasons, as the individuals in question were almost invariably well-known as collaborators. This, however, is to anticipate but the point is made here in order to emphasise that from the purely military point of view the enquiries into the activities of the British Union of Fascists were fully justified by after events.

Enquiries were, however, made under considerable difficulty as, especially in the early stages, the Home Office were unwilling to allow Home Office Warrants to be applied to leading members of Mosley's Party and only consented to this procedure in the case of some of his less prominent adherents. When Mosley's close contact with Mussolini and Hitler was known, as well as the fact that he had been subsidised by the former to the extent of about £100,000, and when it was probable but not established that he was being subsidised by the Nazi Party, B Branch pressed for a carefully restricted examination of his correspondence, but the Home Office consistently refused.

In particular, a B Division memorandum was sent to the Home Office on 27.1.37 stressing these points and emphasising that we were reliably informed that many members of the B.U.F. would support Italy or Germany against their own Government in the event of war. At a meeting in February 1937, information about Mussolini's subsidising of Mosley was communicated by us to Sir Robert Vansittart who handed the papers to Sir Russell Scott, Permanent Under-Secretary to the Home Office, in an attempt to strengthen his hand and secure the application of H.O.W.s. The whole subject was raised again by B Branch in a letter of 9.6.37 when it was recommended that a Warrant restricted to Mosley's foreign correspondence should be approved and that others should be applied to his principal lieutenants, Robert Gordon-Canning, Ian Hope Dundas and Archibald Garrioch Findlay, all of whom had contacts in Germany or Italy, were connected with the negotiations for, or payments of, German and Italian subsidies and were suspected of being intermediaries for the communication of secret information. The report that such information was being conveyed was from a source which had been tested over and over again and always found to be extremely reliable in several other connections.

No Warrant was sanctioned until 31.3.38 when one was imposed on Robert Gordon-Canning. Another on Findlay was dated 13.4.39, but in the case of Dundas approval was never obtained.

//After Mosley's

After Mosley's arrest it was evident that some of his banking accounts had been manipulated in such a way as to disguise the nature of some of the transactions by which B.U.F. funds were received. As mentioned in the booklet on the British Union of Fascists, Sir Oswald Mosley seems to have aimed at making any investigation into the finances of the B.U.F. impossible and the investigators had to content themselves with the observation that the funds were derived for the greater part from "unknown sources", only a very small proportion being received from members' subscriptions.

It is therefore obvious that, should it become possible, the question of the financing of the British Union of Fascists and the possibility of funds being received from Nazi sources deserves further examination.

- (c) General intelligence regarding Hitler's policy and preparation for war.

Political Intelligence. Thus the enquiries about the British Union of Fascists and about German espionage, which were normal functions of this Office, led to an enquiry into the activities of the Nazi Party Organisation. All these various enquiries combined to build up a corpus of general intelligence which centred on the organisation of the totalitarian state in Germany as a threat to British security. The following is a very brief summary of some of the more important ingredients of this general intelligence as obtained from sources in or in touch with the German Embassy in London. It is given here in order to sketch in outline the problems with which the Security Service was confronted in the formative period between the wars; and to indicate how, with a very inadequate staff, attempts were made to deal with them.

Towards the end of 1935, with a view to obtaining information about the German Intelligence system and the activities of the Nazi Party in London, the Director placed B Branch in touch with a representative who had a number of contacts in German official and diplomatic circles.

Early in 1936 this representative informed us that he had cultivated friendly relations with of the German Embassy in London.

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He was not in the ordinary sense an "agent", but he believed that by giving certain information regarding Nazi tendencies to our representative

he might to a certain extent influence the British Government in the right direction. He was encouraged in this idea by the fact that when he gave

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information in this way regarding the German intention to appoint Otto Bene, the Landesgruppenleiter in London, to be Consul-General for Germany in Great Britain certain action was taken. This appointment appeared to be very undesirable to this Office from a security point of view. It would have involved official recognition of the Party and therefore probably have made it impossible to take action against the Party Organisation without embarrassment, especially in a time of crisis. It also seemed likely that it would help to increase the Party's power over German nationals in this country. The Foreign Office took the same view and made it known to the German authorities that they would not be willing to grant an exequatur. thus had reason to think that his information had been responsible for a result which appeared to him to be very desirable in that it involved a rebuff to the Nazi Party on a matter which they regarded far more seriously than it appeared in English eyes.

Towards the end of 1936, urged the view that the British Government ought to show the greatest energy in insisting that the German troops should leave Spain. He said that such a demand would come at the right psychological moment as the Reichswehr had been urging that these troops should be recalled.

At about this time he also furnished some illuminating facts regarding Ribbentrop's attitude towards the abdication of King Edward. He said that Ribbentrop had given orders to the German Press in London to refrain from mentioning the subject. The motive was not, as was wrongly supposed, due to a desire to be tactful towards the British people, but to a desire to be in the good books of King Edward, whom he "regarded as a certain winner". Ribbentrop had even attempted to have a message conveyed to the King that the "German people stood behind him in his struggle". When the King abdicated, Ribbentrop's report to Berlin contained the following: "The abdication of King Edward is the result of the machinations of dark Bolshevist powers against the Führer-will of the young King. I shall report all further details orally to my Führer". He issued strict instructions that no one in the Embassy was to make any report to the German Foreign Office on this subject.

reaction was "We are absolutely powerless in the face of this nonsense!"

In September 1936 had told us that a war with Russia was regarded as being "as certain as the Amen in church", and that it was felt that developments were getting beyond the stage where the Wilhelmstrasse or the more intelligent sections of the Reichswehr could influence their course. The view in Nazi circles was that a point would be reached in the not distant future when Germany's relative superiority in armaments would begin to decline and that the optimum date for war against Russia should not be missed. These circles were convinced that England would not move a finger if Hitler launched an attack against Russia. It may be noted here the general indications were that Ribbentrop hoped, when

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he came as Ambassador to London, to ensure that Nazi Germany would have English sympathy on an anti-Comintern basis. It appears that when his mission did not meet with the success he expected, his whole attitude towards this country changed.

At about the same time as the abdication learnt that Berlin was financing the anti-Blumites in France on a large scale. He mentioned a single payment in one week of Ff. 8,500,000.- which went into French pockets.

When Ribbentrop arrived in London he was accompanied by a huge staff including members of his Dienststelle, A.D.C.s, secretaries and "detectives from the Schutz Staffel" (the SD?). found that members of the Embassy staff noticed that their desks were searched at night; and he felt that he was working in what he called "a complete madhouse".

Ribbentrop returned to the Embassy from his interview with the Prime Minister and announced "the old fool does not know what he is talking about". Ribbentrop declared to his staff that his mission in England was to keep this country neutral during the coming conflict with "the Red Pest". mentioned that the Reichswehr had had useful experience in Spain, and had found that some of their arms (incendiary bombs were mentioned) which had been tested there, had not proved satisfactory. Hitler was setting the pace and giving orders to a reluctant Reichswehr and Foreign Office.

was encouraged to give our representative information regarding the activities of the Nazi Party as seen from the Embassy; and regarding any matters connected with improper contact with underground activities on the part of attachés and other members of the Embassy staff, in regard to which there appeared to be increasing tendencies during 1936 and 1937. During this period numerous reports obtained from on matters connected with German foreign policy were communicated by us to the Foreign Office.

By November 1937 he told us that Ribbentrop was more anti-English than ever, and was anxious to leave his post in London. Hitler, however, said "he always wanted to go to London, let him stay there". At the same time Hitler had referred to Ribbentrop as "ein aussenpolitischer Genie" (a wizard in foreign affairs).

Early in 1938 we learnt from that in consequence of a decision by Hitler which was thought to have been prompted by Ribbentrop, the policy of seeking English friendship had been abandoned; and Ribbentrop had issued orders to this effect to his subordinates and commented that this meant that their objective should be to work for the weakening and ultimate downfall of the British Empire.

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At the same time the Italian Government had decided that the Non-Intervention Committee in connection with Spain had created an impossible situation for them and that it must be brought to an end. This view was placed before the German Government and the Party leaders acquiesced in it. The Italian Government had accordingly decided to despatch fresh Italian troops to Spain; and openly to adopt the attitude that they were taking part in the war in Spain, thus abandoning the "farce" of the Non-Intervention Committee. It was believed that this decision was not acceptable in army circles in Germany, and that this fact had been one of the underlying factors in the recent crisis in that country. This information was communicated to the Foreign Office; and we were informed that it agreed with information received from other sources and that the Secretary of State was impressed by it.

At the same time, i.e. early in 1938, told us that orders had been issued to intensify arrangements for espionage against this country. The Abwehr-abteilung had issued instructions to this effect to the Military Attache in London; and the German consuls in this country had been asked to furnish reports and to supply the names of agents suitable for obtaining military secrets.

In the middle of February 1938 we sent to the Foreign Office a summary of views expressed by them to the effect that the Army would in future be an obedient instrument of Nazi foreign policy; and that the recent purge had left the Nazis in complete control of the Army. Ribbentrop's foreign policy would be an aggressive forward policy. Its first aim - Austria - had been partly achieved. Austria "falls to Hitler like a ripe fruit". After consolidating the position in Austria the next step would be against Czechoslovakia. The view in German official circles was that in the immediate future a block of a hundred and thirty millions of well-organised people with armies prepared to march in order (Germany, Austria, Italy and Hungary) would face the two great Western Democracies whose people did not want to fight. It was quite clear that a bargain had been struck between Hitler and Mussolini. This involved German support in the Mediterranean and a free hand for Germany in Central Europe.

felt that Britain was letting the trump cards fall out of her hands. If she had adopted, or even now adopted, a firm attitude and threatened war, Hitler would not succeed in this kind of bluff, i.e. in bluffing his way into a stronger position than German strength at the time could support. The German Army was not yet ready for a major war. He emphasised again and again that the English failed to understand the crudity of people like Ribbentrop and made the mistake of applying their standards of thought and diplomacy in their dealings with them. He said that, in his opinion, in

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view of the weakness of the British attitude war had now become inevitable, i.e. as soon as Hitler felt himself strong enough to undertake it. It was considered in Nazi circles that we were now at the beginning of a Napoleonic period; there would be big events and things would move with extreme rapidity. Ribbentrop had said in the German Embassy in London "there will be no war before we are on the Bosphorus". It was also mentioned that it was hoped that Yugoslavia would come under German and Italian influence. During the summer of 1938, we continued to receive and to send on to the Foreign Office reports from and other sources, regarding Hitler's aggressive policy and German preparations for war. In the middle of August

, sent us a cryptic message to the effect that drastic action was contemplated. By arrangement with S. I. S. we sent a representative to get in touch with him, and he informed us that a paper had been circulated to German Embassies and Legations abroad, dated the 3rd of August, and signed by Ribbentrop. It was described as an "Erlass", covered four pages and was drafted in typical Ribbentrop style. The scope and nature of the document showed that it had been issued with Hitler's authority. The sense was as follows: the Czech question must be settled in accordance with our views before the autumn and, though we prefer peaceful methods, war must be envisaged. I do not agree with those who maintain that France and Great Britain will interfere. The lightening speed of our action will make any such effort on their part in vain. If they should decide to be involved in a quarrel, I would point out that the German army is far stronger and better prepared than in 1914 and we shall emerge victorious from this war.

There followed detailed instructions regarding German mobilisation. The date of action against Czechoslovakia was mentioned as "before the 20th of September".

added that Schulenburg, the German Ambassador in Moscow, had reported that Russia was not in a position to come to the aid of Czechoslovakia. His report stiffened Hitler's attitude.

There was reason to believe that opinion in the Reichswehr, and particularly in the Intelligence Branch of the German General Staff, was to the effect that war was inevitable; and that in this connection Hitler was now on the same side as Ribbentrop, Himmler and Goebbels. There had been a serious difference of opinion between Goering and Ribbentrop. The Reichswehr believed that they would lose the war, but they realised that it was impossible to oppose the Führer's decisions. Those who had advanced cautious counsels had been told that the Reichswehr did so on previous occasions (the Rhineland and the march into Austria) and each time they were wrong.

The German Secret Service (Abwehr) under Canaris was posting a number of representatives to Embassies and Legations abroad; and a base for Abwehr action against France and Britain was established in Holland. They were already very active in that country.

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Two German Intelligence officers named Piepenbrock and Maurer had informed that they had agents everywhere in Holland. They added that hotels and restaurants were honeycombed with them; and boasted that they could get any documents that they wanted in Holland. (Oberst Hans Piepenbrock was known to us later as Admiral Canaris' principal assistant). All this information about plans regarding Czechoslovakia and preparations for war was communicated to the Foreign Office, Home Office, S.I.S. and the Director of Military Intelligence.

On the 13th September 1938, we reported that there had been changes in the German dispositions; and the second stage of the German plan, the secret mobilisation, would accordingly have been developed by Monday the 25th of September to a stage at which it could only be necessary to press the button at any time after that date when it was desired to set the forces in motion for the invasion of Czechoslovakia. The invasion was regarded as inevitable; and it was considered that Great Britain would not be able to prevent it. This and supplementary information from the same and other sources gave us a clear forecast of the line which Hitler subsequently developed during the Munich Crisis of September 1938.

It seemed to B Branch officers that the nature and the far-reaching implications of this information of August and September and the subsequent crisis in September, furnished very strong grounds, among other things, for a substantial increase in the strength of the staff responsible for counter espionage. When the crisis had passed and there were no signs of any large-scale reorganisation of this Office to meet the obvious danger of Hitler's aggressive policy being further developed in future, B Branch prepared a further report summarising all their information derived from and from various other sources (vide Bibliography No. 19). (Great care had naturally to be taken to conceal the identity of and other Germans, official or unofficial, from whom most of this information had been derived). This summary included a character sketch of Hitler as derived indirectly from some of his intimate friends in the Nazi Party. It described how he was pursuing, in high politics, tactics which he had previously followed in smaller matters:-

"He caused his opponents to be confused with a feint here and a serious blow there, and simultaneous offers of peace, and when having given them no rest, he had got them where he wanted them, he made an energetic attack, falling upon them like lightning".

Goebbels was quoted as saying that this was a very good description of Hitler's character as he now was. The only man who would make any impression on Hitler, said Goebbels, was one who would firmly say "no" and answer his threats with effective counter-threats. Any other attitude only egged him on to attempt to destroy his opponent. His associates thought it was comical that other countries did not recognise these methods.

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According to a report from the same source the Führer was very fond of making jokes about the "umbrella pacifism" of the once-imposing British World Empire and referred to Mr. Chamberlain in terms of school-boyish obscenity.

One of these reports, which Sir Alexander Cadogan remarked had proved to be true, was to the effect that the Nazis considered that Mr. Neville Chamberlain had become too popular in Germany and that the continuous hymns of praise about him were not desirable. The Propaganda Ministry therefore proposed to do everything possible to pour ridicule on him; at the same time they were to emphasise that the Opposition in England was a war Party which would break the Munich Agreement. The Germans, according to this Nazi view, had never taken the Munich Agreement seriously but they intended to direct their future action in such a way as to make it appear that the first breach of the Munich Agreement came from the other side.

It was suggested that if these indications were reliable, it must be anticipated that Hitler would make increasingly drastic demands. This was extremely probable if, as seemed beyond doubt, he was convinced that Great Britain was decadent and lacked the will and power to defend the British Empire.

We concluded by saying that this information raised the question whether, apart from the paramount need for rapid re-armament, further measures should not be taken to develop our Intelligence system and provide for a comprehensive review of all steps necessary to ensure security.

This report was read by Lord Halifax at the end of 1938 and we were told that parts of it had been read by him to the Prime Minister (Mr. Chamberlain). Adequate measures to improve the organisation of this Office were therefore expected, but nothing substantial eventuated before the war broke out.

We were informed, however, that the obscenity of Hitler's reference to him made a considerable impression on the Prime Minister (we had in fact included it in the hope that it would make some impression) and that it, read with our report as a whole, had contributed materially - if only as a minor factor - towards Mr. Chamberlain's reformulation of policy including the introduction of conscription early in 1939.

Propaganda. Colonel Nicolai, in his book quoted in Chapter II above, referred to the ideas about propaganda which he had conceived as a result of his experience in the last war, and suggested that the Intelligence Service had to play an active part in this field.

Hitler has shown in "Mein Kampf" and in his speeches that he has attached the greatest importance to the question of propaganda. He was greatly impressed by the effectiveness of British propaganda during the war

of 1914-1918. In the course of the campaign which brought him to power in Germany, his propaganda machine played a very significant part and subsequently it continued to play an equally important part in his conduct of affairs on a larger canvas.

This is a very wide subject and, regarded as a whole, has always been treated as a matter beyond the scope of this Office; but certain aspects of it have from time to time compelled our attention.

In Nazi Germany propaganda was controlled by the Propaganda Ministerium under Goebbels, and it naturally followed that German journalists in the United Kingdom had a part to play.

As mentioned above, the Auslands Organisation was concerned with propaganda to promote goodwill towards Germany in this country. The conduct of this propaganda was, however, on a larger scale than was covered by the Organisation under Bohle. The whole machinery of the Party in Germany lent a hand. Not merely Goebbels' Propaganda Ministry but also, among others, Ribbentrop's Dienststelle in Berlin and London, Rosenberg's Bureau, the Hitler Jugend and other subsidiary organisations combined to put forth a considerable volume of propaganda inspired and controlled with the same end in view.

Information regarding all these activities reached M.L.S. in a steady stream as a by-product of enquiries, the immediate aim of which was to investigate espionage, possible plans for sabotage in the event of war and other activities likely to concern the security of the State.

At the end of 1937 a summary of information relating to German propaganda in the United Kingdom was prepared by B Branch (vide Bibliography No. 38) and distributed to the principal Government Departments in this country and our own correspondents in the Dominions.

When forwarding it to the Dominions we pointed out that it was not part of our business to investigate the activities of English people who were consciously or unconsciously furthering the aims of German propaganda, but that the propaganda itself was of interest to us as there was evidence to show that this attempt at influencing public opinion here in such a manner as to affect foreign policy was all inspired from one group of sources - the leading offices of the NSDAP in Germany. We knew that Goebbels and Bohle of the Auslands Organisation claimed credit for having influenced British public opinion by methods which included those outlined in this summary. Attention was drawn to the possibility that an over-optimistic view of the results of their work might lead the activists of the NSDAP - and Hitler - into a mistaken policy based on false premises.

/It was

It was pointed out that as no direct enquiry had been made into these propagandist activities, the view which we had obtained of them was not necessarily complete and comprehensive, but that it seemed worth while to bring all this material together in one summary because of the manner in which the whole Nazi machine was working with a common object; and in order to understand that object it was necessary to bear in mind that great, possibly exaggerated, importance was attached to propaganda and its effects by Hitler and other leaders of the Nazi Party. The object of all this propaganda was to promote sympathy for the New Germany among English people who were to be taught to understand the German point of view, but there was no question of teaching the Germans to see the English point of view. It was impossible to resist the inference that - partly under the guise of anti-Bolshevism - the object was to carry out the ideas outlined by Hitler in "Mein Kampf" in regard to German foreign policy, i.e. to bring about an alliance or understanding with England, which would give Germany a free hand in other directions.

When Ribbentrop came to London to take up his appointment as Ambassador, he made it clear that he hoped actively to promote Anglo-German friendship on lines and by methods somewhat different from those of traditional diplomacy, including the utilisation of a Bureau or Dienststelle maintained by him in Berlin as an organ which had enabled him to play the part he did in German foreign policy. Ribbentrop's Bureau was in direct touch with Hitler's Bureau, the Reichskanzlei, and it had played an important part in the negotiations conducted by Ribbentrop and leading up to the German-Japanese Anti-Comintern Agreement (with its secret clauses), and the subsequent German-Italo-Japanese Anti-Comintern Agreement (without secret clauses).

Ribbentrop maintained a considerable section of his Dienststelle in London; and important members of it were constantly coming and going between London and Berlin. The activities of these individuals were aimed at influencing English opinion in very wide circles in a sense favourable to Germany. For this purpose the Dienststelle included persons with contacts ranging from the Royal Family to diplomatic, political and industrial circles; and religious and political institutions were included in its scope. It supported and in some cases actively promoted such societies as:- the Anglo-German Fellowship; the Anglo-German Circle; the Anglo-German Kameradschaft; the Link; the Anglo-German Brotherhood. Similar objects were pursued by the Auslands Organisation through the Anglo-German Academic Bureau, and the Anglo-German Information Service. The Anglo-German Academic Bureau was responsible, subject to the ultimate control of the Landesgruppe and the Party Organisation, for matters connected with teachers and students. There was evidence that German teachers and students were encouraged to deliver lectures of a political and semi-political nature in this country. The lectures had to be approved by the Nazi Party officials before delivery. The Anglo-German Information Service distributed large numbers of pamphlets and other propaganda. It was entirely controlled

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by the Auslands Organisation. Mosley's Movement, the British Union of Fascists, and the small national socialist organisation which had recently broken away from it, were known - but clear and direct evidence was not available - to have been subsidised from German sources; and it was believed that one of the objects of this subsidy was for purposes of propaganda likely to be favourable to German policy. The Germans, presumably impressed by the results which they thought they had achieved in the United Kingdom, planned to set up similar organisations in the Dominions. Although Goebbels would be primarily concerned as being in charge of propaganda, there was reason to state that these Dominion and Colonial organisations would be subject to the general supervision of Bohle's Auslands Organisation.

If the ultimate object of all this propaganda conducted under the direction of Hitler, Rosenberg, Goebbels and Ribbentrop, was the aggrandisement of Germany on the Continent, it was suggested that they must view with satisfaction the fact that sums running into hundreds of pounds were obtained for this purpose from English sources (including the contributions of firms like Unilever, Dunlop Rubber Company, Imperial Chemicals Industries Ltd., etc.) by working on the prevalent desire for peace and the business interests of English people.

It should be emphasised that propaganda of this type in many forms was addressed directly and indirectly to individuals in various walks of life after Ribbentrop had announced in his Embassy that their aims were to work for the downfall of the British Empire.

(d) German Espionage 1933-1939.

The great difference between our knowledge of the German espionage system in the second World War and our previous knowledge of it is to be found in the fact that prior to the outbreak of war in 1939 communications between the German organisation and its agents were carried on by letter through the post or through couriers and wireless was not used. The first concrete evidence of the intention to use wireless was found when the German Abwehrstelle at Hamburg supplied a wireless set to the agent in January 1939 for use in the event of war.

Previous Chapters have shown how the H.O.W. and the Postal Censorship were most important sources of information by making it possible to intercept the communications of German agents in this country before and during the first World War. In the period under review the H.O.W. continued to give useful results, but it only led to the agents in this country and their employers in Germany or other neighbouring countries. It did not furnish any clear or comprehensive detail from which a general picture of the German organisation could be built up.

/It was

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It was noticeable that during the war of 1914-1918 very little was learned about the German organisation and the M.I. 5. book on the German Police System already mentioned (Bibliography No. 36), vide Chapters 7 and 8 ibid, shows how this information was only acquired after the partial occupation of Germany at the end of the war and then only to a limited extent. The information then obtained showed that there was a distinction between the Intelligence or Nachrichtenstelle and the Counter-Espionage or Abwehrstelle. It also showed that the German Secret Intelligence Service was closely associated with the German police.

After 1933 the same general conditions held good. We now know that in consequence of conditions imposed at the end of the war of 1914-1918 the Intelligence Branch (Nachrichtenabteilung) ceased to function, and espionage was eventually included in the duties of what was nominally and ostensibly the Counter Espionage (Abwehr) Branch.

Prior to and during the war of 1914-1918 the German Admiralty was closely associated for intelligence purposes with the Central Police Offices at Hamburg and Berlin and it is probable that this explains the fact that the Abwehrstelle at Hamburg was chiefly concerned with espionage against the British Empire and the U.S.A. in the earlier period and again in 1933-1939. The enquiries made into cases which occurred during this later period failed to furnish us with any detailed information about the organisation at Hamburg beyond the fact that it appeared to have a branch in Cologne, which was also concerned with operations against England. The information obtained about the German personnel in Hamburg and Cologne was confined to a knowledge of the pseudonyms used in correspondence and the accounts given to us by individuals who interviewed some of them when they were recruited as agents. The German methods and our counter-measures therefore resulted in our being in the dark about the organisation in Germany and its personnel and only obtaining information about actual agents who came to our notice in this country. We had to depend on S.I.S. to penetrate the German organisation and to obtain inside information about its scope, its methods and its personnel, but they did not achieve any results in this direction.

During the period in question thirty agents, who either worked or were asked to work for the Germans, came to our notice. Of these twenty-one were British subjects, many of whom made no attempt to collect information of value to the Germans but supplied them with details of no importance in order to extract the maximum of reward for the minimum of effort. Most of these British subjects were given virtually no training and all the circumstances of their employment indicated that the Abwehr was run on a very crude basis. Quantity, not quality, in agents seemed to be the aim; but it was and is impossible to say whether a cloud of agents of low quality served to hide a few good ones. In half of the British cases the persons concerned were of low mentality with no capacity for obtaining secret information of any importance. Among the

/more

more suitable persons whom the Germans recruited, or attempted to recruit, were four unemployed ex-officers, four business men and four serving officers or men, most of whom reported the fact to the authorities immediately or soon after they were approached by the Germans. One German method of approach was by answering advertisements in the Press, especially the advertisements of ex-officers, business men and technical workers. The Germans also themselves inserted advertisements in the English papers offering employment to commercial or technical experts.

From 1936 onwards the Hamburg Abwehrstelle increased its activities considerably and twenty-six of the thirty known cases occurred between that year and the beginning of the war.

During the period there were three known cases of Germans visiting or residing temporarily in this country or Eire to act as recruiters of agents and three cases of German women - one each in England, Scotland and Eire - who acted as post-boxes for communications received by the German Secret Service from their agents in the U.S.A. and France. All three were employed by the Hamburg Abwehrstelle, which, however, never wrote to its agents via these post-boxes, apparently because, although they knew that incoming post was liable to be opened, they did not realise that letters posted by their agents were equally dangerous. (They often used couriers on German ships).

Of the thirty agents eleven reported the fact of the German approach to us; nine were discovered through H.O.W.s on addresses already known; five were reported by private people whose suspicions had been aroused; one was reported by an Immigration Officer; one by an anonymous informant and the remaining two came to notice adventitiously. The general circumstances showed that, while the H.O.W. on correspondence produced some results, it was far from giving satisfactory reason to believe that it could bring all the fish into the nets - the meshes were too large. The evidence regarding the known recruiters indicated that agents were obtained in England by means of personal contact, but only one agent recruited in this way was discovered otherwise than by pure chance. Of the agents who reported to us, and who but for that would probably never have come to light, six cases out of eleven were recruited by personal contact; there must therefore be considerable uncertainty regarding the number who never reported the approach, and whom our facilities for detection were inadequate to discover. In spite of this there are good reasons for believing that at the beginning of the war the number of active agents reporting intelligence to the Germans and left behind by them in the United Kingdom was limited to a handful of individuals. In the circumstances of the case, however, conclusions of this kind cannot be final.

/The three

The three women post-boxes provided the more interesting evidence regarding the German system although they were not directly concerned with espionage in this country. Of the three Mrs. Duncombe in London was receiving intelligence obtained in France; Mrs. Jordan was the post-box in the U.S.A. case which was widely advertised in the Press, the leading character being an individual named Rumrich. Rumrich's brother was simultaneously arrested in Prague and the address of Mrs. Brandy - the third post-box - who lived in Dublin was found on him. A H.O.W. on her correspondence showed that she was receiving accurate, and therefore dangerous, espionage reports from an officer in the French Navy. The means by which they were forwarded by her were never discovered but they were probably carried by couriers on boats travelling between Eire and Hamburg. As a result of these enquiries we gave information to the French and a French Naval officer named Aubert was found to be the author of the reports in question. He was arrested in November 1938 and shot. These three cases also suggested that the German methods included the use of correspondence or post-boxes in countries other than those against which they were operating and that the intelligence reports about British countries might be received by them in a similar way, but no evidence of this was forthcoming although they gave addresses in neutral countries to some of their "agents" who reported to us.

Of the agents who reported to us either at the beginning or shortly afterwards a certain number were instructed to work for the Germans under our direction and did so for periods varying from a month to three years. The problem of running double-cross agents in peacetime presented serious difficulties, mainly because it was almost impossible to supply them with information that was both innocuous and at the same time satisfactory to the Germans. A great deal of elementary information and even some of the highest importance was to be had in England for the asking, and the Germans were not content for long to receive handbooks which could be bought at any bookstall. The important information bearing on our heavy industries, scientific research and our war potential in general which was readily available to the German Intelligence Service, included not only such things as maps and plans of railways, public utilities, docks and bridges, but masses of detailed information of an industrial nature which was available to numerous Germans engaged in business in this country. All this was focussed in the German Chamber of Commerce which was established in London by the Nazis and described by them as a "bulwark" of their Party. Although there was no evidence of a secret nature relevant to this point the facilities were so great that it is impossible to believe that information, much of which came under the heading of commercial intelligence but also threw an important light on industries capable of expansion for war purposes, was not regularly and systematically collected and forwarded to the proper quarters in Germany. There were even cases of Germans in close touch with our

/aircraft

aircraft industry; and the German command of the Machine Tool industry provided them with almost endless facilities for obtaining a wide variety of information regarding the capacity of particular plants and the output in general of aeroplanes, tanks, lorries and munitions of all kinds.

The extent of the German organisation for dealing with matters relating to war industry and industrial mobilisation is described in Appendix A to the Report on the German Secret Service, prepared in this Office in August 1942 (vide Bibliography No. 33). This note mentions the relations between the Wehrwirtschaftsstab of the Oberkommando der Wehrmacht and the Abteilung Wirtschaft of the Abwehr and indicates the comprehensive nature of their functions under the general conception according to which the leading German industrialists - with their special relations with international cartels - were charged by the Führer with the duty of co-ordinating all matters involving the relations between the German military machine and German industry. In view of the fact that the modern war machine of great Powers is largely based on their heavy industries and general technical development, the facilities at the disposal of the Wehrwirtschaftsstab for obtaining information of vital importance were obviously of a far-reaching nature. In this respect the position in the Western democracies is very different from that in a country like Russia in which security measures of an extreme nature can be and have been imposed. The German system also made it possible to enforce a much greater degree of security than was possible here. Even if our Security Service before the war had been very much larger than it was, it would have been impossible to provide any reasonable degree of security against the inquisitiveness of the Wehrwirtschaftsstab with all the open and secret sources of information available to them in this country. The most that could have been done would have been to detect any secret agents employed by the Party organisation or the Abwehr including the Wirtschaft Abteilung. As it was, we had no practical working knowledge of the Abwehr before 1941 and we were thrown back on the necessity of making enquiries regarding individual Germans who appeared to be well-placed to obtain information of a particularly secret nature. As mentioned in the concluding paragraph of Appendix A to the note referred to above, instructions were given to the Abwehr in 1938 to intensify its activities in the United Kingdom. This information was, in fact, derived from and in view of the circumstances described above was regarded as unimpeachable. The specific mention of the cement industry led to enquiries regarding Germans connected with that industry and in particular the Concrete Pump Co Ltd., owned by a German father and British-born son (liable to be called up for service in the German Army) whose work gave them access to and a detailed knowledge of the measurements, purposes and location of a number of aerodromes and secret naval installations as well as numerous other defence works all over the country. Similar enquiries gave reasons for apprehension in numerous other trades and industries.

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/other

Other information from an unconscious informant who was a prominent member of the German Foreign Office, and who had given us important early information regarding the negotiations between Germany and Russia in 1939, also told us, without his being aware of the fact, that the office equipment trades had been a source of valuable intelligence to the Germans.

The effect of all the information available to us up to the beginning of the war was to suggest that while the Abwehr employed a number of agents of very low quality and of little or no value they were able to score major successes as in the cases in U.S.A. and France which had come to light through the post-boxes in the United Kingdom. There could be no guarantee that there were no similarly well-placed agents in this country having contact with Germany through other countries who had escaped detection. The open field for obtaining intelligence of vital importance regarding our war potential and our aircraft and munition factories was so vast that security enquiries could not cover more than a fraction of it. Nevertheless we were driven to undertaking security enquiries into numerous cases of suspects which presented themselves and to making enquiries having special reference to important secrets such as new aeroplane inventions, radiolocation and a number of other similar secrets of special importance.

In this way the enquiries made by B Branch were not confined strictly to the investigation of espionage but covered a much larger field of a generally preventive nature. Many of these enquiries involved co-operation between B Branch and D Sections, who were responsible for security in factories and research stations, especially in connection with air matters. In fact, many of the more alarming cases of apparent insecurity were brought to notice by D Branch officers.

(ii) Preventive action suggested by the Security Service.

In addition to the reports and memoranda mentioned in Chapter III, Part 2, (i), numerous reports on the subject of the Nazi Party organisation were forwarded to the Foreign Office and the Home Office during 1936 and subsequent years.

In April 1936 B Branch prepared a paper which was handed by the Director to the Permanent Under-Secretary to the Home Office in which it was argued that the development in the direction of the form of the one-Party Nation-State in Germany and Italy - without precedent in the ancient or modern world - compelled a more clearly defined attitude towards the question of British sovereignty and British nationality as raised by the existence and activities of the Auslands Organisation and the Fasci all'Esteri. Reference was made to the German conception of total war

/involving

involving an attack without warning to be made by the air forces not only against the armed forces of the enemy but also against the civilian population. It was argued that the two organisations mentioned were part of the machinery available to their Governments for the waging of total war and pointed out the possibility of their being used for sabotage purposes. Attention was also drawn to their attempts to bring dual nationals of German and Italian origin or extraction under their influence. This paper was prepared with a view to the consideration of legislation aiming at the prohibition of these Party organisations on British soil.

It proved impossible, however, to take preventive action on the basis of an agreed policy. When the general question was raised in the Cabinet in July 1936 the Prime Minister asked the Home Secretary and the Secretary of State for Foreign Affairs to bring it up on some later occasion when the moment was more opportune for taking action. We suggested that with the growth of German rearmament it would probably become more difficult to take action as time went on. The Secretary of State for Foreign Affairs reverted to the question in October 1936 when the Cabinet again deferred a decision on the question.

As a result of our representations, the Permanent Under-Secretaries of the Foreign Office and the Home Office and the Director of the Security Service prepared a joint memorandum in April 1937 for submission to the Cabinet proposing that informal and friendly suggestions should be made to the German and Italian Governments through their Embassies in London that they should take steps to secure the closing down of branches of the National Socialist and Fascist Parties' organisations established in the United Kingdom. The question was again considered by the Cabinet in July 1937 when they came to the conclusion that it should not be allowed to drift indefinitely and must be kept under continuous observation, but that in view of the existing difficulties in securing agreement over questions relating to Spain no drastic action should be taken at the moment. In September 1937 the question was again raised by Sir Robert Vansittart in view of further developments including those connected with the Congress of Germans abroad held at Stuttgart in August of that year and in July 1938, in consultation with the Director of the Security Service, he again raised the question in a note addressed to Lord Halifax and Sir Samuel Hoare as a result of a request from the Ministry of Foreign Affairs in Paris to be informed "of the practical steps which His Majesty's Government intend to take to circumscribe the activity in Great Britain of the Nazi organisation".

In the meanwhile, as a result of information obtained by intercepting the correspondence of the Nazi Party, we continued to submit reports on various aspects of the subject such as the "Gleichschaltung" of members of the German Embassy staff in London by their being induced to join the Nazi Party organisation for German officials; and numerous other similar matters. In view of the attitude of the German Government to Germans who

/acquired

British nationality and retained their German nationality when it was considered to the advantage of Germany that they should do so, steps were taken to restrict the admission of such persons to the armed forces in this country.

In the absence of an agreed policy preventive action could only be taken as a result of enquiries into individual cases as they occurred either by preventing Germans from entering the country or doubtful characters, whether Germans or dual nationals, from working in factories connected with the manufacture of aircraft and munitions.

One of the more important cases of a German being refused permission to stay in this country was that of Otto Karl Ludwig who arrived in this country on 10.4.37. and attracted the suspicion of the Immigration Officer. As a result of enquiries he was deported after being arrested under the Official Secrets Act. It was clear from the examination of his papers that he had come here to set up a Political Intelligence Bureau and that three German journalists in London, Nidda, Crome and Edenhofer, as they admitted, had been supplying him with political intelligence reports of a semi-secret kind. This case led to more careful enquiry into the position with regard to German journalists in this country. Their number attracted the attention of British journalists and our enquiries showed that sometimes quite small German papers with very limited circulations had more than one nominal correspondent in London.

The question was brought to the notice of the Foreign Office and on 4th May 1937, a meeting (attended among others by Sir Vernon Kell and Captain Liddell) was held by Sir Robert Vansittart, who opened the discussion by saying that he felt that this question was closely bound up with the much bigger question of the German and Italian organisations on British territory. The Foreign Secretary thought that the matter was one of internal security and therefore one for Sir John Simon, the Home Secretary, to put to the Cabinet. Sir John Simon had said that if the Foreign Office were prepared to make it a "cardinal facet" of their foreign policy towards Germany, he would be ready to implement it. The position therefore was that the Foreign Secretary would support the Home Secretary and the Home Secretary would support the Foreign Secretary, but neither was anxious to put the matter before the Cabinet.

With regard to the German journalists, Sir Robert Vansittart thought that, pending some action regarding the general question of Nazi and Fascist organisations, steps should be taken to deal with them as opportunity occurred. He had been through the documents of the Ludwig case and he thought that Nidda, Crome and Edenhofer should be asked to leave the country.

It was decided that other German journalists who had come to notice as being engaged in undesirable activities should also be asked to leave; but that steps to do this should be taken gradually.

/Another

Another meeting (also attended by Sir Vernon Kell and Captain Liddell) on the subject of German Journalists was held by the Home Secretary on 21.6.37. The Home Secretary said that a distinction should be drawn between journalists who had been connected with the Ludwig case and others selected as undesirable; the general question of the reduction of the large numbers of German journalists was a matter for the Foreign Office; and he did not wish to take action which would produce violent headlines in the papers at the moment when von Neurath was coming to London. As regards the general question of Nazi and Fascist organisations, he would like time to give the whole matter further consideration.

At the end of August 1937 we submitted a report on the question of the German journalists for the consideration of the Foreign Office. We referred to a list of seventy such persons which we had prepared in the previous April and said that the number had by then risen to about ninety, although some few of these might not be working under the various organs of the Nazi Government. The Nazi head of the German journalists in the United Kingdom had stated as a result of a reference to the matter in the Press that the number did not exceed thirty. It appeared that various German Nazi organisations were interested in obtaining political information from this country and it was possible that their work was not completely co-ordinated. The offices interested in obtaining information about the affairs of this country appeared to include the following:-

- The Auslands Pressestelle of the NSDAP;
- The Propagandaministerium in Berlin with which is linked Johannsen's Bureau in Hamburg;
- The Auslands Organisation;
- The Ribbentrop Bureau;
- The Auswärtiges Amt;
- The Aussenpolitisches Amt with which is linked -
- The Anti-Comintern Organisation;
- The Reichswehrministerium;
- The Luftfahrtministerium.

One fact which might to some extent explain what was happening was that at the time of the occupation of the Rhineland in March 1936 the German Army was opposed to this step whereas the Party organisations reported to the effect that it would not produce any serious reactions here. Hitler acted on the advice of the Party and against that of the Army. He was right; and it seemed reasonable to infer that the Army, and possibly other German offices and Departments, consequently desired to obtain more accurate and detailed information regarding the state of public opinion over here.

Again, we knew that von Ribbentrop in addition to being Ambassador in London had at his disposal a Bureau for the collection of information on which he based the advice he gave to Hitler. After referring to his part in the German-Japanese treaty and his special interest in Austria and South-Eastern Europe, we pointed out that he required reports from very varied and well-informed sources

/in connection

in connection with the campaign of propaganda which he was at that time conducting among English people with a view to promoting good feeling towards Germany. There had been indications that Ribbentrop was personally interested in the Information Bureau which Ludwig had intended to establish in London.

With regard to the Reichswehrministerium we believed that there was some division of opinion on political matters and that there were two prominent groups. It was probable that both had agents among the journalists. Two who were known to us had been proposed for removal from this country. Another journalist whose removal had been proposed had been obtaining information about air matters in an improper manner.

We represented that, apart from the questions of high policy the position from our more restricted point of view was a difficult one. With an Ambassador engaging in extra ambassadorial activities (in the way of intrigues in both countries and propaganda in that to which he was accredited) and with so many agencies employing such a variety of agents, the work of detecting those concerned with espionage and at the same time keeping in touch with the political background was reaching proportions which were proving overwhelming to our small organisation. The activities of these numerous journalists diverted some of our attention and since it was found impossible to keep in touch with all of them, it became increasingly difficult to know which of them was concerned with really objectionable activities.

Consideration of the question of the removal of more of these journalists remained before the Home Office and the Foreign Office during 1937 and 1938. In the first place six were asked to leave on account of objectionable activities, but it was decided that nothing was to be gained by more wholesale action. While the German Government claimed that only thirty-one German journalists were officially recognised by them, it was felt that so long as various German Government and Party offices maintained their foreign affairs bureaux, they would obviously seek information from representatives abroad. If we turned out their present agents, our Foreign Office considered that we would merely annoy those Departments and Offices to little or no purpose, as they would find means of sending other agents. It was also suggested that many of these journalists had furnished objective reports to Germany which probably did a considerable amount of good in removing any false impressions held in Germany of British decadence or weakness.

From a report which we received from a reliable source we learned that the action taken in removing the six journalists caused some dispute between Goering and Himmler and that Himmler decided to employ agents under other guises in consequence. (In the light of our more recent knowledge this would go some way towards confirming the impression that Ludwig was an agent of the Sicherheitsdienst).

/In April

In April 1939, as a result of our representations, Lord Halifax saw the German Charge d'Affaires and told him that a decision had been taken that three of the leading members of the Nazi organisation in this country should be asked to leave in the near future. They were:-

- Herr Karlowa - Landesgruppenleiter of the
Nazi Party in this country;
- Herr Himmelmann - "Organisationsleiter" of the
Nazi Party in this country;
- Frau Johanna Wolf - the leader of the Women's
Section of the German Labour
Front in this country.

We received very reliable information that the action taken against Karlowa as the Nazi Party leader in Great Britain made a deep impression on the Nazi leaders and made them realise that we understood the significance of his position here and realised the point of disrupting the Party organisation.*

Again in April 1939 - after keeping a close watch on correspondence going to certain addresses in Germany - we prepared a report on German propaganda and forwarded it to the Deputy-Director of Military Intelligence. We pointed out that the Germans had been attempting in various ways to form direct personal communications between His Majesty's Forces and their propagandist organisations, and we suggested that it was a matter for consideration whether men in the Services should not have it impressed upon them how ill-advised and dangerous correspondence with these organisations was. Inevitably their correspondents in Germany would be selected for their ardent support of the Nazi regime, and any hints as to public opinion in England and any information about the Services which might inadvertently be put into their correspondence, would certainly be passed on to those responsible for directing Nazi foreign policy. The D.D.M.I. had agreed that it was desirable to issue instructions to officers in the Forces.

As the result of a consideration of all the evidence regarding the Nazi Party (Auslands) Organisation in London and the part it was playing in the furtherance

* According to a report dated 23.5.39. the Foreign Office received information to the following effect:- "In Munich Party circles it was now particularly feared that England's example might give other and smaller States the courage to destroy the Nazi organisations in their area. "It is clear" said Boettiger "that in the case of war the Nazi organisations abroad would have highly important and also very dangerous tasks to fulfil. The Nazi groups in the so-called neutral States would have the most to do. It is astonishing how slow these democracies are to realise the importance of such compact political organisations in their midst". Boettiger concluded by saying that Dr. Kordt was of the opinion that the expulsions from England were not yet at an end and that there might be many further surprises in the future. (Vide 102x of SF.66/U.K./63).

of Hitler's aims, B Branch suggested to the Director that arrangements should be made to arrest all members of the Party in this country in the event of war. With the threatening situation which led to the Munich Crisis in September 1938, the Director obtained the approval of the Home Office to arrangements by which the names of all members of the Party and its subsidiary organisations were communicated to the police; and telegrams ordering their arrest as well as those in the case of individuals suspected of espionage on behalf of Germany were kept in readiness for despatch at a moment's notice. These telegrams (known as the "Ansbona telegrams") were ultimately despatched on the outbreak of war in September 1939.

(iii) Liaison with the Eire Authorities.

In April 1938 the Agreement had been signed between the British and Eire Governments which provided, inter alia, for the withdrawal of British garrisons from Eire ports. On the 31st August 1938 - at a time when the German aggressiveness which led up to Munich was coming to a head - Mr. Walshe of the Department of External Affairs in Eire raised with the Dominions Office the question of liaison on counter espionage matters and said that he was anxious to see a representative of our counter espionage organisation. His approach arose out of discussions which followed on certain information regarding Defence Plans being communicated by His Majesty's Government to the Eire authorities, a mark of confidence which apparently touched Mr. de Valera. He immediately made arrangements for Mr. Walshe to get into touch with the authorities here. Thereupon, under the Director's instructions, Captain Liddell saw Mr. Walshe and Mr. Dulanty and the former explained that the Eire Government was anxious about the NSDAP Group in Dublin and that they felt that it virtually infringed their sovereign rights. As a result of this meeting Captain Liddell again saw Mr. Dulanty at his office in London on the 10th September 1938, and handed to him a copy of our memorandum on the NSDAP (vide Bibliography No. 4) and a memorandum drawn up by B Branch to meet Mr. Walshe's request to the Dominions Office. This latter memorandum opened by emphasising that it contained suggestions based on our experience here - Captain Liddell had already mentioned that this experience had resulted in a typically English organisation which had grown up gradually and had had pieces grafted on to it at different stages of its existence. The memorandum suggested that a counter espionage organisation would probably be most suitably controlled by the Ministry of Defence and that the officer-in-charge should, when necessary, have direct access to the Minister. Upon the personality of the officer-in-charge would depend to a very large extent its success or failure; the highest degree of tact was necessary in order to obtain collaboration and assistance from the

/police

police and other Departments of State. Experience had shown that it was essential for such an organisation to be adequately provided with measures for the control of -

- (a) the entry and exit of aliens
- (b) their supervision while in the country
- (c) the interception of correspondence, telegraphic and telephonic communications.

It also offered to place at the disposal of the Eire organisation information about suspect aliens obtained by the Security Service. It mentioned that it was understood that the powers of the Eire organisation would be based on our Official Secrets Act (1911-11920) and our Aliens Act (1914-1919).

Colonel Liam Archer was appointed by the Eire Department of Defence to take charge of their Counter Espionage Organisation and during October 1938 meetings took place between him and the Security Service officers. His Organisation had to be built up from scratch under conditions of great secrecy without experience, personnel or funds; and subject to an internal political situation in which a factor was a divergence of views on the subject within the Eire Government itself. From the time of its formation until the outbreak of war it was in fairly regular correspondence, carried on through the Eire High Commissioner's Bag, with the Security Service. The correspondence was for the most part confined to matters relating to Germans. The value of this liaison arose from and depended on the good personal relationships which were cultivated between the counter espionage officers on both sides.

There had always been a small number of Germans or persons of German origin in Ireland, but after 1921 the policy of independence from Great Britain - particularly industrial, cultural and linguistic independence - led to a steady increase in their numbers. The Shannon Hydro-Electric scheme, the contract for which was given to the German firm of Siemen Schukert, was one of the most important symptoms of the move towards industrial independence and led to an influx of German technicians. The Germans also took an interest in the revival of the Gaelic language and culture, which had been a fundamental part of the nationalist development and among the leading German archeologists and Celtic scholars who interested themselves in this was Dr. Adolf Mahr. He was appointed Curator of the Dublin Museum. He also held the appointment of Ortsgruppenleiter of the NSDAP in Dublin and in this dual capacity played a part in developing cultural relations between the two countries, which were also furthered by the exchange of students and lecturers under the auspices of the Nazi Party organisation and by the establishment of a branch of the German News Agency, the DNB, under one Carl Petersen.

In June 1939 there were grounds for thinking that Carl Petersen had made approaches to the I.R.A. with a view to the possibility of co-operation in the event of war between Germany and England and early in July 1939

S. I. S. reported that a conference had taken place in Berlin between Admiral Canaris, head of the Abwehr, a representative of the German War Office and a responsible member of the I.R.A., who was said to have reported on the bombing campaign which was then being conducted in Britain. Canaris was reported to have undertaken to supply him with arms and funds.

The branch of the Nazi Party organisation which supervised German seamen was known to arrange for German Intelligence Service reports to be transmitted by hand through officers of German steamers plying between Dublin and Germany. In August 1937 a German named Kurt Wheeler Hill arranged for one to visit Hamburg where he was introduced to leading Abwehr officials and asked to establish wireless communications with Hamburg and to recruit agents in the Royal Tank Corps, the R.A.F. and the Royal Artillery. In April 1938 Campbell came to London and reported on his dealings with the Germans at the War Office. An attempt was made to play as a double agent but only a limited amount of information was obtained as Kurt Wheeler Hill left Dublin hurriedly, possibly as a result of being alarmed. There were other indications of attempts by the Abwehr to recruit Irishmen, but nothing substantial was known to have been achieved by them.

(iv) Liaison with the American authorities.

In Chapter III, Part 2, (ii), (d), above, reference was made to the U.S.A. case in which a leading character was one Gunther Gustav Rumrich, a member of a "spy ring" in the U.S.A. In 1937, in the course of his general enquiries into German espionage in this country, Lt-Colonel Hinchley Cooke was intercepting correspondence going to an address in Hamburg used by the Hamburg Abwehrstelle and, among other things, this disclosed that Mrs. Jessie Jordan, who was being used as a post-box in Scotland by that Abwehrstelle, was receiving reports from America and forwarding them to Hamburg. One of these reports described a plot to overpower an American officer and obtain important documents from his possession. As soon as this fact was known to us it was communicated to Colonel Lee, the American Military Attache in London, who cabled the essential facts to the authorities in the U.S.A. This led to an enquiry which ultimately resulted in an indictment by a Federal Grand Jury against certain German officers in the Abwehr in Germany, who organised the 'spy ring', and the conviction of a number of individuals in the U.S.A. The case was widely publicised at the time.

In March 1938 Captain Liddell visited the U.S.A. and saw a number of officials in the War Department, the Political Relations Department of the State Department, Mr. Hoover and the F.B.I. officers concerned with the enquiry in connection with which Rumrich had been arrested. Mr. Dunn of the State Department expressed himself as

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anxious to have an exchange of information on the subject of the activities of the German and Italian (Nazi and Fascist) Parties abroad. He explained that the U.S.A. Government had made it clear to the German and Italian Ambassadors that they would not tolerate the existence of organised Party groups which they felt constituted a virtual infringement of sovereignty. Captain Liddell was able to inform Mr. Dunn that although the German Ambassador had given an assurance that no such organisation existed in the U.S.A. he could take it as a certainty that Nazi Party Groups did exist, although not openly.

In the course of these conversations with various officials it became clear to Captain Liddell that the scope of the F.B.I.'s activities was gradually widening and that it covered espionage and that, although it had no "Charter" to do so, it had on the quiet been going thoroughly into Soviet activities.

Captain Liddell also visited Ottawa where he discussed the same general subjects with the Commissioner of the Royal Canadian Mounted Police, who was in close touch with Mr. Hoover in connection with their common interests in such matters as German and Italian activities; but, as the Commissioner explained, by agreement between them their correspondence was based on criminal rather than political lines.

From further discussion in the U.S.A. with a Staff Officer G-2, and Mr. Turrou of the F.B.I., Captain Liddell learned that Rumrich had admitted that the establishment of post-boxes in England was intended to throw the onus on the British in the event of unpleasant revelations. Arrangements for a full exchange of information in detail in connection with the case both in the U.S.A. and in this country, where Mrs. Jessie Jordan had been arrested, were made. Among other details Mr. Turrou informed Captain Liddell that Eric Pfeiffer of the German Intelligence Service was in the habit of selling a large percentage of the information obtained by the Germans in the U.S. at a very high figure to the Japanese.

On his return to London in April 1938 Captain Liddell discussed the circumstances fully with Colonel Lee, the American Military Attache, and Mr. Herschel Johnson, the American Chargé d'Affaires. It was apparent that the State Department were anxious to keep matters regarding a liaison under their own control. It was agreed, however, that liaison in the espionage case, then current, should continue to be conducted with Colonel Lee. Captain Liddell handed to Mr. Herschel Johnson a copy of our memorandum on the NSDAP of 1937 (vide Bibliography No. 4) and impressed on him the fact that the German espionage case in America had disclosed that the whole machinery of Party and State had been brought to bear in order to facilitate the operations of the agents whose object was to acquire information regarding military secrets and the U.S.A. war potential over a wide field.

/Underlying

Underlying this exchange of information about the Nazi organisations was the intention not only of promoting co-operation with the Americans on the basis of common interest but also of helping to ensure against the possibility that Nazi aggressiveness would lead to war, i.e. to a war in which American goodwill would be in the national interest.

In October 1938 Colonel Lee, the American Attache in London, informed the Security Service that he was more than ever convinced in the light of recent developments that our two countries would have to work very closely together as regards German espionage activities. He asked for a general sketch of a plan for a new Counter Espionage Service in the United States, and a general statement of our own organisation was conveyed to him on lines similar to those given to the Eire authorities as mentioned above. In addition, the importance of good relations between the Fighting Services and industry with a view to safeguarding the design of equipment manufactured at Government arsenals and by private firms as well as new inventions was stressed. The necessity for a staff to visit factories in the interests of security was also mentioned. Colonel Lee made a thorough examination of the whole problem but it is understood that at the time no action on his note on the subject was taken by the War Department at Washington. He stressed the importance of keeping the Counter Espionage Service free from political flavour and mentioned that certain reasons had given ground for enlisting public sympathy in the U.S.A. by publicity about the Federal Bureau of Investigation. He suggested that a successful counter espionage service did not require this publicity and that on the contrary its work should be confidential. In a characteristically American way, however, an important part in counter espionage work in the U.S.A. was played by the F.B.I. with whom our liaison was further developed when America came into the war.

As the work of the Security Service was intimately affected by the internal organisation of the American Services, the following facts extracted from "Travel Control Guide, Part II (Travel Control) of the Office of the Chief of Naval Operations, Division of Naval Intelligence (1st May 1943)" should be mentioned.

In a memorandum of June 26th, 1939, the President of the U.S.A. instructed all heads of Government Departments and Agencies that the investigation of all matters pertaining to or involving espionage, counter espionage, sabotage and subversion, actual or potential, should be the sole responsibility of three agencies; namely the Military Intelligence Service, the Office of Naval Intelligence and the Federal Bureau of Investigation; and he further directed that any such matter which came to the notice of any of the Government Departments or agencies should be immediately referred by them to the Federal Bureau of Investigation. In order to clarify the respective responsibilities of the three agencies a Delimitation Agreement was drawn up and adopted. This Agreement attempted to define those matters in which the interest was essentially naval, military or civilian and the extent to which each of the three Intelligence agencies should participate in investigations.

/The

The exact terms of the Delimitation Agreement are not known to us, but uncertainty regarding the responsibilities of these three agencies continued to have constant repercussions on the relations of different parts of the Security Service and their American opposite numbers. The investigations of B Division and the security work of S.C.O.s at the ports and of A.D.D.4. were most nearly affected.

The difficulties of this situation were accentuated by the difficult relations between the Security Service and S.I.S. on the one hand and S.I.S. and Security Co-ordination, New York, on the other; but these difficulties only developed during the subsequent war period.

PART 3.

ITALIAN AND JAPANESE AGGRESSIVENESS

(i) The Italian Secret Intelligence Service and the Italian Partito Nazionale Fascista.

Prior to the outbreak of the Italian war against Abyssinia in 1935 the Security Service had had no reason to study the question of either the Italian Fascist Secret Intelligence Service or the Italian Fascist Party's organisation in British territory. The question of the application of sanctions by the League of Nations and the consequent tension, resulting in the despatch of the main British Fleet to the Eastern Mediterranean, produced a demand for measures to make good these deficiencies. The only information on record was a general summary which had been prepared a few years previously by Section V of S.I.S. which dealt with the Italian Intelligence system on broad lines, but no up-to-date information was available. We accordingly pressed Section V for a detailed account of the Italian Secret Intelligence Service and of its position in the Italian military machine, but they were unable to supply us with any information of value.

Simultaneously enquiries were commenced in this country regarding the local branches of the Fasci all'Estero and information was exchanged with our correspondents in the Dominions and Colonies and the Middle East. A report from Egypt at an early stage of the period of tension disclosed that the headquarters of the Royal Air Force in the Middle East had removed a number of Italians from employment on the civilian establishment of British aerodromes. Information which was believed to be completely reliable was received to the effect that the heads of the Partito Nazionale

/Fascista

Fascista intended at this time to use the Party organisation to sabotage British aerodromes and aircraft in the Mediterranean area in the event of war. Information from independent sources was also received by S.I.S. to the effect that definite plans had been made to employ the Italian Fascist militia in Greece to hinder the mobilisation of the Greek army in the event of war between Greece and Italy resulting from the proposed closure of the Suez Canal to Italian ships. The plan was reported to embrace the sabotage of railways and bridges in Greece and the Fasci were alleged to have been told that war was likely to occur without a diplomatic rupture.

All the enquiries possible in view of the scanty resources of the Security Service at this time failed to disclose any evidence of serious Italian espionage in this country. Such indications as there were showed that intelligence reports of a crude kind regarding the despatch of troops and material from the United Kingdom to the Middle East were being collected through the agency of the Italian Consulates and the Italian Fascist organisations. In fact the general conclusion was drawn that Italian intelligence was in the main obtained through official channels aided by the Party organisation. The latter were therefore kept under close observation and the results of these enquiries were embodied in a note of 1936 on "The Organisation and Activities of the Italian Fascist Party in the United Kingdom, the Dominions and Colonies" (vide Bibliography No. 44). Again in 1936 the question of the potentialities of these Italian organisations for sabotage purposes was discussed in the "Memorandum on the possibilities of sabotage by the organisation set up in British countries by the totalitarian Governments of Germany and Italy - 1936" (vide Bibliography No. 52). The subsequent directions from the Sub-Committee of the J.I.C. to the effect that M.I.5. should continue to keep the question under observation also applied to the Fasci all'Estero (vide Bibliography No. 10). One of the salient features was the Italian Youth organisation abroad (Giovani Italiani all'Estero). Many of the Italian children in British countries were British subjects by birth but all the influence of the Italian organisation was brought to bear to maintain their "Italianita", and among the measures to this end was a summer camp in Italy at which children from Italian Colonies all over the world were assembled in considerable numbers in order to be subjected to intensive patriotic propaganda and to be drilled and to have the spirit of militarism inculcated in them.

While it was felt that all this indoctrination necessitated our attention in view of the possibility that in the event of war some harmful results might follow, it was always realised - as Mussolini himself was known to have recognised - that there was little prospect of the Italian people being imbued with a military spirit in any sense comparable with that of the Germans.

/Additional

Additional notes on the Italian Fascist organisation were prepared in 1937 (vide Bibliography No. 45).

Enquiries made up to the outbreak of war in September 1939 failed to elicit any serious information about Italian espionage in the United Kingdom. There had been a few cases of minor importance in Middle Eastern countries and various indications of Italian intrigue and Italian propaganda which aimed at promoting Italian and diminishing British prestige among the peoples of the Middle East. In brief it may be said that the problem presented by the Italian Secret Intelligence Service and the Fasci all'Esteri was an unsatisfactory one in the sense that we failed to obtain reliable inside information which would enable us to see the purely espionage aspects in clear perspective. At the same time, while it was necessary to devote some of our scanty resources to an examination of the whole problem, there was a natural tendency not to take the military (or the espionage) threat to British security from Italy very seriously. It was recognised that its most important aspects in the event of war would probably be found in the Middle East and the Defence Security Officer in Cairo was accordingly encouraged to develop his resources for obtaining information and for taking other counter espionage measures.

(ii) Japanese

After the termination of the Anglo-Japanese Alliance we received indications that the Japanese were concentrating on obtaining intelligence on naval matters in this country. In the years immediately preceding the second war the Japanese Naval Intelligence undoubtedly acquired a great deal of intelligence by visiting British war factories which they were permitted to do officially, and they availed themselves of the opportunities on numerous occasions. In 1926 an ex-naval officer named Colin Mayers retired from the Service at his own request and subsequently took up work at Vickers. He was found to be in touch with the Japanese Naval Attache in London who was paying him for information. He was sent for trial under Section II of the Official Secrets Act in April 1927 and was bound over after admitting minor offences (retaining documents).

In 1923 the Japanese Government employed the Master of Sempill (as he then was) as a technical adviser with special reference to aviation. During the years 1923-1926 there is little doubt that Sempill technically, at any rate, infringed the provisions of the Official Secrets Act and while the Director of Public Prosecutions did not feel that a prosecution was expedient, he took a very low view of the part Sempill was

/playing

playing. From then onwards Sempill was constantly the subject of enquiry and while there is no evidence that he committed any further offence, his conduct generally gave cause for disquiet over a long period.

In 1923 they similarly employed an ex-Air Force officer named Frederick Joseph Rutland as a technical adviser to their Fleet Air Arm. He was kept under observation by the Security Service over a considerable period. This observation was often carried on under difficulties and on one occasion he challenged the shadowing staff who were following him, but was persuaded by the attitude they adopted to agree that he had made a mistake. His case was a good illustration of Japanese methods as from 1933 onwards he was being employed by them in espionage not against this country but against the U.S.A. The Japanese intention was to use an organisation which he established in America and the Pacific in the event of war between Japan and America. The arrangements for this organisation were made by Oka, the Japanese Naval Attache in London and the facts were disclosed as a result of the interception of the Naval Attache's messages from London to Tokyo and H.O.W.s on Rutland's correspondence. In addition to the use of diplomatic cypher Oka attempted to conceal his meaning by the use of a plain language code in which Japan was referred to as Denmark, and other details were similarly disguised before encyphering. The messages and correspondence showed that Oka was reporting to Tokyo on the arrangements which he was making for Rutland to set up his organisation under cover of a business agency in the West End of London with a head office in California and branches in Vancouver and various ports in the Pacific. The object was for Rutland to obtain information of military importance on the West Coast of America and in the Pacific with a view to developing the organisation in the event of war. The case was handled in the first place by S.I.S., who, however, failed to make a satisfactory analysis of the evidence. This was done by the Security Service in the light of the fuller information at their disposal. In the summer of 1941 the Americans arrested a Japanese officer on a charge of espionage and there is no doubt that for some time previous to this Rutland had aroused their suspicions. Rutland approached the Americans with an offer of his services which was declined, and subsequently approached the British authorities. At the same time the F.B.I. represented that they were in a position to prefer serious charges against Rutland and that they contemplated doing so. In view of the scandal that might ensue arrangements were made to get Rutland out of America. On the outbreak of war with Japan, Rutland was arrested and interned as a person of hostile associations. The case is of value as furnishing a good instance of the employment by the Japanese of a national of one Western country to establish an organisation for the purpose of espionage against another.

/Numerous

Numerous reports were received from time to time to the effect that the Japanese Espionage Service was active throughout the Western Pacific, especially in Singapore and the Dutch East Indies, but few authenticated details were received beyond allegations such as that Japanese officers disguised as fishermen were habitually taking soundings and generally making enquiries throughout the area. In order to cope with this menace D.S.O.s were established at Singapore in 1936, and Hong-Kong in 1937, but few concrete results were obtained and no very satisfactory counter organisation to Japanese espionage was established either from these centres or in collaboration with the Australians.

General security measures were taken and the Overseas Defence Committee considered measures to secure the fortress of Singapore. In March 1938 an inter-departmental meeting was held at the Foreign Office in London to examine the position of foreign entry into and residence in Malaya with special reference to the defence of Singapore. It was agreed that everything should be done to reduce the size of the Japanese colony in Malaya and that the aim should be to get rid of all persons known or suspected to be dangerous and the Governor was addressed on the subject. It was pointed out that it was particularly important to secure the expulsion of all persons who might be likely to be or to become key-men in the local Japanese Intelligence Service. Dormant deportation warrants were to be held against suspects to be used well in advance of an emergency.

PART 4.

INTERNAL ORGANISATION AND STAFF OF THE SECURITY SERVICE

As mentioned in Chapter III, Part 1, the position regarding the staff and work was fundamentally changed in 1931 when Captain Liddell, Captain Miller and other staff were transferred from Scotland House to the Security Service. Captain Liddell became Deputy to Mr. Harker, who was head of B Branch, and until about 1935 the staff of this branch was primarily concerned with matters relating to Communism and the U.S.S.R. From 1934 onwards certain increases in staff took place. D Branch was formed to deal with the security of factories, railways and public utility undertakings of military importance. At the same time B Branch was gradually strengthened. It commenced to deal with British Fascist

/Movements

Movements and the Nazi Party in 1934 and with the Italian Fascist Party organisations in 1935. It also received slight additions of strength to deal with German espionage and Communism during the years 1935-1937. There was no marked increase until about half-a-dozen new officers joined in the summer of 1939.

The Admiralty and the War Office made arrangements for a small number of officers to receive training by being initiated into the work of the Security Service with a view to their being employed on liaison or intelligence duties connected with security in the event of war. The War Office scheme was a complete failure as unsuitable candidates were selected by Commanding Officers who, as was to be expected, did not desire to lose their best officers for duty in a sphere which in any case made little appeal to the regular regimental or staff officer. None of the War Office nominees, after finishing the course, was employed on duties connected with the Security Service. The Admiralty arrangements proved more satisfactory as they decided to appoint for this purpose naval reserve officers who proved suitable and useful. No financial provision was made for arrangements to train officers with a view to the expansion of the Security Service itself.

At the end of 1938 the Security Service was divided into four Branches A, B, C, D, under the Director Colonel Sir Vernon Kell and the Deputy-Director Lt.-Colonel Sir Eric Holt Wilson. The latter had no normal functions as a Deputy and was not in charge of any of the Branches. He was employed in connection with the preparation of regulations and other measures to be adopted in the event of war.

A Branch was under Captain Butler and included the Registry and sections dealing with finance and internal administrative matters.

B Branch was under Mr. Harker with Capt. Liddell as his Deputy and was divided into a number of sections dealing with internal security in the Forces, Communism and Soviet espionage, German espionage, the Nazi Party, the Italian and British Fascist Parties and Italian and Japanese espionage.

C Branch consisted of Captain Bacon who was in charge of "vetting" and D Branch of three officers Lt-Colonel Norman, Commander Monie and Wing/Commander Archer, who were responsible for the security of factories working in the interests of the War Office, the Admiralty and the Air Ministry respectively with a somewhat vague responsibility for railways and electricity undertakings.

The total strength employed at this time was 30 officers and 103 secretaries and Registry Staff.

/The

The principles of internal organisation were designed so as to enable this staff to discharge its functions as described in Chapter I. The principal means by which secret as opposed to open intelligence was obtained - in so far as the United Kingdom was concerned - were by the use of Home Office Warrants to intercept correspondence and to listen into telephone conversations, the employment of penetrative agents, most but not all of whom were controlled by the M Section and the shadowing staff. In so far as secret information from abroad was concerned the Security Service was dependent upon Section V of S.I.S. and on its correspondents in the Dominions and Colonies. These latter were usually the chief Officers of Police or in some cases Colonial Secretaries.

For the interception of letters as authorised by the Home Office Warrants the Security Service was dependent upon a small special staff at the G.P.O. connected with which there was a single officer who specialised in technical work connected with secret inks and the chemistry of this subject. Apart from this the organisation was conspicuously lacking in officers with any technical or scientific knowledge or training. In cryptographic matters it was entirely dependent on S.I.S. who had developed an efficient instrument for the purpose in the shape of the G.C. & C.S.

As early as 1928 the Committee of Imperial Defence had approved the setting up of an organisation for the detection of illicit wireless transmission under War Office control with technical staff and instruments to be provided and financed by the Post Office. The interception of Comintern wireless in 1935 (vide Chapter III, Part 1, (iv) above) had brought prominently to notice the importance of keeping under review the bearing of progress in wireless technique as well as the necessity of developing improved methods for intercepting the wireless communications of organisations such as the Comintern and those of potential enemy Secret Service organisations. Up to the middle of 1938 no effective action had been taken however and the War Office - possibly because it had less direct responsibility than formerly for the Security Service - had tended to concentrate on the question of providing mobile units to accompany an expeditionary force. The Post Office, on the other hand, was directly concerned with the detection of illicit transmitters not from the counter espionage point of view but from that of the revenue to be derived from licences.

The developing threat of Nazi aggressiveness led to the question being taken up more seriously in 1938 when Lt-Colonel Simpson was appointed to advise the Security Service in all matters connected with wireless. Crucial decisions were taken at a meeting at the War Office on December 7th 1938 after an attempt had been made to induce the Security Service to take over the responsibility for establishing R.S.S. or the Radio Security Section. The responsibility was not accepted

/on account

on account of the large administrative expansion and the financial commitments which would have been involved. It was therefore decided that the organisation for detecting illicit wireless should be under M.I.19., later M.I.8., at the War Office and it was laid down that "M.I.5." was only to be interested in results while the Post Office was to provide equipment and assistance. Financial provision for the establishment of R.S.S. under the War Office acting in collaboration with the Post Office was received in March 1939 (eleven years after the proposals of the Committee of Imperial Defence had first been made).

This refusal to accept the responsibility for the administration and finance of R.S.S. had very far-reaching consequences. The fact of the refusal points inescapably to a fundamental weakness in internal organisation. This weakness in turn is attributable to external as opposed to internal causes. The same causes allowed the Security Service - three months after Munich and its own urgent representations raising "the question of measures to develop our intelligence system and provide for a comprehensive review" - to carry all its responsibilities with a staff of thirty officers and no trained reserves for expansion in the event of war; and left the responsibility for controlling and developing R.S.S. as a vital source of intelligence for counter espionage purposes uneasily suspended between M.I.8., M.I.5. and the Post Office.

Ultimately these causes are to be found in the circumstances of the failure inside and outside the Security Service to face the fact that it is part of the executive machinery of Government with positive functions and responsibilities of its own - to combat the operations of an enemy Secret Service - which it cannot unload on to other Departments. In this sense they are mainly external causes but they have produced internal weakness in the shape of failure to accept essential responsibilities. The attitude which has given rise to this avoidance of responsibilities is closely associated with the plea of being a purely advisory body; and this attitude of mind has produced failures in organisation and planning and an absence of thinking on sufficiently big lines. One of the conspicuous illustrations of these tendencies has been the refusal in December 1938 to grapple with the problem of wireless and the consequent establishment of R.S.S. under M.I.8. with results recalling the principles of Greek tragedy.

The question is much more than one of internal organisation and finance. It is necessarily a controversial one and the theme, which runs through the record of the war years, has not yet worked itself out. Its circumstances and its implications are too complex for discussion at this stage and an attempt to assess its part in the whole story must, therefore, be left over for separate consideration.

CHAPTER IV

REACTIONS IN THE SECOND WORLD WAR - FIRST PHASE

INTRODUCTORY NOTE

Part 1 of this Chapter deals with the period from the outbreak of war to the fall of France and Part 2 deals with the following period up to the time of the German attack on the U.S.S.R. and the reorganisation of the Security Service which roughly coincided with this date (being spread over the summer months of 1941). They are difficult periods to describe adequately, as our organisation was in a state of confusion which at times amounted to chaos.

The original cause of the confusion is to be found in the fact that no adequate preparations had been made in 1938-1939 to foresee and face the conditions of the war as it developed and this, in turn, was due to lack of sufficient funds. The question how far the lack of funds was due to the policy of the Government or to insufficient pressure to enable the Security Service to make adequate preparations is one which cannot be answered. It is among the imponderables.

The record of these periods (from the beginning of the war to the summer of 1941) does not fit into a clear design or pattern. The position will perhaps be clearer if the following "leit-motiv" is kept in mind:-

During the first few months of the war while the Security Service was attempting to expand rapidly and to improvise machinery to deal with the war situation, a breakdown occurred in B Division and in the Registry. In addition to and as a consequence of the inadequate financial provision, sufficient staff had not been trained and in spite of the lessons of the last war steps had not been taken to deal with the inevitable rush of work. B Division and the Registry were overwhelmed by the flood of denunciations and reports about suspects received from the police, the public and other sources and by the volume of vetting enquiries for numerous purposes, including travel permits and visas. The position was greatly aggravated by the unexpected change of policy on the part of the Home Office in regard to the internment of enemy aliens; and this presented a serious problem in view of the fact that the Security Service had virtually no knowledge of the machinery of the German Secret Service which it was its function to combat. This in turn had far-reaching consequences because of a new factor which had not been partly foreseen in the period after 1933 - i.e. that of the so-called "Fifth Column" which, in the absence of definite information regarding the German organisation behind it, intensified the apparent need for a policy of preventive action against enemy aliens in general and Nazis in particular, as well as against their British sympathisers in Mosley's and similar organisations.

/When

When Lord Swinton became responsible for the Security Service in the summer of 1940 he sought to remedy the confusion by improvising machinery of his own in the shape of the Security Intelligence Centre outside the Security Service through which he attempted to deal with the "Fifth Column" problem; and W Branch which was established inside the Security Service and was intended to deal with the interception of enemy communications for the purpose of detecting their agents. Both these improvisations duplicated the work of B Division and both eventually proved a failure. In addition to these measures Lord Swinton appointed a lawyer (Mr. Crocker) with no previous experience to be joint head of B Division and this step had disastrous consequences. These three measures combined to damage the morale and effectiveness of the organisation as a whole.

In December 1940 Lord Swinton proposed by dividing B Division into three, to separate the sections dealing with the component parts of the "Fifth Column". While keeping B.L.C. (the Sabotage Section) in B Division he put the sections dealing with the internment of enemy aliens (German and Italian) in E and that dealing with the B.U.F. in F Division. This proposal was opposed by B Division officers and a decision on the question was postponed pending an examination of the whole problem. This examination was made by Sir David Petrie who took charge of the Security Service as Director-General at the beginning of March 1941 and decided to adopt the proposal to divide B Division into B., E and F.

Chapter IV, therefore, deals with the difficult situation which arose in the early stages of the war and led to a partial breakdown of the central organisation of the Security Service and the Divisions; and the next Chapter will deal with the new growth which took place in the sections of the various Divisions and the subsequent developments after the reorganisation of 1941.

It is not possible within the limited scope of this record to make a full and satisfactory analysis of the causes of the breakdown; or to give an adequate answer to the charge that Sir Vernon Kell and the other senior officers of the Security Service failed to improvise an adequate organisation to cope with the situation in 1940. Briefly, to recapitulate the abovementioned points, it may be said that their chief difficulties arose from the absence during the preceding years of adequate financial provision and of arrangements for training the necessary staff for expansion. Among the most important causes of the subsequent difficulties it is obvious that the attitude of the Home Office was a contributing factor and that this attitude was due to the fact that they looked at the question of internment of enemy aliens from the political point of view rather than as a factor in the military situation. Again it is clear that Lord Swinton's attempts at dealing with the internal situation tended to aggravate rather than to alleviate it, whatever relief may have been afforded by his efforts in other directions. Perhaps the most important factor in the situation was that until the spies started to arrive in the autumn of 1940 the Security Service was not in touch with the enemy so that it had no concrete problem to

grapple with until the interrogation of the spies and the interception of the enemy communications began to provide it with substantial material in the spring of 1941. As the next Chapter will show, the organisation began to take shape as soon as the problem was presented in this concrete form.

Prior to these developments it was difficult - once the organisation had fallen into confusion - to give it a compact form, to arrange for a clear allocation of functions or to visualise the objectives and the means of reaching them. Moreover, since the Security Service had been divorced from the War Office in 1931, there was no appropriate authority to which it could readily turn to present its case and to obtain crucial decisions in a crisis such as that created by the Home Office attitude to internment. In the meanwhile modern developments had made it clear that the War Office could not in itself be regarded as the appropriate authority for this purpose. Circumstances had shown the need for the co-ordination of the three fighting Services and for joint planning under the Chiefs of Staff and the Defence Minister. The responsibilities of the Security Service in regard to the enemy espionage organisation, the "Fifth Column" and the planning of deception were not unaffected by these changes, but no one who dealt with the problems of the Security Service in 1940 was in a position to lift them to this level.

PART 1.

THE 'PHONEY' WAR BEFORE THE FALL OF FRANCE

(i) Developments immediately before the outbreak of war.

After Munich, and especially after the German occupation of Czechoslovakia, the British Government's decision to introduce conscription and the guarantees to Poland and Rumania it became clear, even to those most unwilling to accept the fact, that an early outbreak of war was almost inevitable. Information from sources developed by B Branch - which had led up to this conclusion during 1937 and 1938 - continued to indicate the aggressive nature of Nazi policy. Reports from a variety of sources including German Journalists in London and intercepted communications all pointed in the same direction. In spite of them all the organisation was not strengthened on a scale which would obviously be desirable on the basis of what was found to be necessary in the last war; and there was no room for doubt that the conditions of the coming war would involve the Security Service in a much more complicated situation and in more serious difficulties. The main grounds for this argument were the development of the theories of total war in Germany and the existence of a certain sympathy for Nazi Germany in this country as embodied in the British Union of Fascists. While the British Union of Fascists and its sympathisers represented a relatively small and unimportant part of the population they had to be regarded as a symptom of a widespread disease which, when viewed over the larger field of Europe as a whole, evidently involved us in a more serious problem with important military as well as purely political aspects. In this field the two extremes, commonly known as the Right and Left Wing, combined to establish a situation of instability very different in kind from that in which the dominant factor was the compact highly developed nationalism of the leading states which fought the first World War. B Branch information about the German Trade Agreement with Russia in the spring of 1939, which confirmed more important Foreign Office intelligence to the same effect, suggested that the two extremes might come together in order to destroy what they described as capitalism and imperialism or pluto-democracy but in other eyes appeared to be the embodiment of Western civilisation based on ideals of humanism and individual liberty, or what remained of that civilisation after the schism created by the totalitarian developments in Germany, Italy and Russia. France, Belgium, Holland and other Western countries were obviously weakened to some extent by the reactions from this schism inside their own borders; in other words by the development of their Communist and their pro-Nazi Parties. Perhaps the most serious aspect of this situation was presented by France where extremist politics appeared to have had a more generally disintegrating effect, not unconnected with the failure to rearm on

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any adequate scale in the face of the series of German aggressions in the Rhineland, against the Sudetenland and against Czechoslovakia. The German theory - as was obvious from even a casual study of their military and Party literature - required the concentration of all available forces at the critical point in time and place; and these forces included the use of organised Parties favourable to the process of disintegration in their enemies' countries. As has been mentioned in Chapter III, Part 1, above, the bare outlines of this problem had been put before the J.I.C. in 1936 but no definite results had followed. The problem appeared to be one which no single Department in Whitehall could deal with, and to deal with which no combination of Departments could be effected. It was, in part, the problem which afterwards became known as that of the "Fifth Column" and as this country was not invaded it is improbable that any satisfactory evaluation of its significance will ever be possible unless clear and definite evidence about the German theory and the existence or otherwise of concrete plans for putting it into effect on an organised basis come to light as a result of the occupation of Germany.

In 1939 we had no adequate knowledge of the German organisations which it was the function of the Security Service to guard against either in this wider field of the "Fifth Column" or in the narrower one of military espionage and purely material sabotage. We had in fact no definite knowledge whether there was any organised connection between the German Secret Service and Nazi sympathisers in this country, whether of British or alien nationality. (The information acquired during subsequent years has led the Director of B Division to form the opinion that there was in fact no organised "Fifth Column" in 1939 or 1940 in this country. This view is based on negative evidence, including evidence from a case which has been under investigation for a long period in B.I.C. This case shows that there are a certain number of Nazi sympathisers of various nationalities or origin, who would have been willing to assist the enemy if there had been any organisation to get in touch with them. There is also the fact that such evidence as has come to hand concerning the organisations of a similar type in other countries - as derived from the intercepted wireless communications of the Abwehr and Sipo und SD - has no counterpart in the I303 material relating to this country. Although the Brandenburg Units with British speaking personnel were assembled on the Channel coast in 1940, with a view to their forming part of the invading forces, there is no evidence that they had any plans for collusion or collaboration with any organised body in this country). With regard to the narrower field of military espionage and purely material sabotage, some slight indication of the German intentions had been received from when he gave us such details as he could obtain at the time of Munich about the establishment of Abwehr branches in Holland and Belgium, which were intended to operate against this country. The few cases of

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espionage which came to light, while of a minor nature, confirmed the impression that the German Secret Service was active, that operations were mainly directed from Hamburg, and that its activities were largely unknown to us. These few cases gave us no general picture of the enemy organisation. All the circumstances, therefore, appeared to justify the view that it was better to overestimate rather than underestimate that part of the enemy's military machine which was our particular concern. In order to enable the Security Service point of view to be represented in the highest quarters and to counteract the above-mentioned tendencies under which security came to be no Department's business, B Branch officers - on various occasions before the outbreak of war - put forward the view, which had long been held by Sir Vernon Kell, that there should be a Minister with responsibility for security and in a position to represent security problems not only to the Chiefs of Staff, but, if necessary, to the Cabinet. This question has been discussed in Lord Hankey's report of May 1940 (vide Bibliography No. 42).

(ii) The outbreak of war

An inter-departmental committee to consider, in consultation with the Service Departments, the terms of the Emergency Powers (Defence) Bill and Defence Regulations under the chairmanship of Sir Claud Schuster (often referred to as the Schuster Committee) had been set up towards the end of 1935. It was later asked to revise all the draft regulations previously assembled by the War Emergency Legislation Sub-Committee of the Committee of Imperial Defence, with a view to the preparation of a comprehensive code containing all the Defence Regulations which would be required in the opening stages of a major war. The War Emergency Legislation Committee then reviewed the whole field of War Legislation and submitted a list of Bills which would be required in order to make available the special emergency powers which would be needed in the first few months of war. This list was based mainly on the Government War Book. The Government War Book was prepared by the Committee of Imperial Defence and finally issued in 1936. (No copy of the Government War Book is available in the Security Service records). The War Office War Emergency Legislation Sub-Committee, on which the Security Service were represented by Lt. Colonel Holt-Wilson, had discussed from time to time the points raised by the War Emergency Legislation Committee. By July 1939 the latter had submitted to the Committee of Imperial Defence a draft of the Bill and a code of Defence Regulations which would give all the Emergency Powers required in the opening stages of a major war. Cabinet approval was obtained in July 1939, and on the outbreak of war this Legislation, the Defence Regulations and the War Office War Book came into effect. Lt. Colonel Holt-Wilson had been closely concerned with the drafting, amendment and preparation of the provisions which affected the

/Security

Security Service and were framed on the basis of the experience gained in the last war (vide Bibliography No. 56).

From the Security Service point of view the most important security measures were the introduction of the measures mentioned in the last paragraph; the internment of enemy aliens; the establishment of travel control; and the establishment of postal and telegraph censorship.

The question of internment of enemy aliens is an extremely complicated one and has been discussed at length in "The Enemy Alien Population in the U.K." (vide Bibliography No. 24). Outstanding points in this clear and dispassionate account of the facts are that although no definite decision had been taken about internment, the position regarding Government policy a week before war broke out was that it was assumed that in fact a large proportion of the male Germans and Austrians in this country would be interned, and that two days before the outbreak of war Sir Alexander Maxwell wrote to the Security Service to the effect that the Home Secretary had decided after due consideration that there would be no policy of general internment, but that tribunals would be set up which would review all cases of male enemy aliens over the age of sixteen. Again on the 8th September 1939, the Security Service sent a circular to the S.C.O.s at ports directing that all enemy aliens leaving the country should be closely interrogated and searched, and that if there was any suspicion that the alien might have information of value to the enemy, he should not be allowed to leave. After midnight on Saturday, the 9th September, no enemy alien was to be allowed to leave without being in possession of an Exit Permit. The Home Office announcement on this subject was not made until the 12th September 1939 and read as follows:-

"Germans wishing to leave the country now require an Exit Permit, a requirement which also applies to British subjects. In the absence, however, of special reasons, they will receive this Permit without difficulty."

This decision was taken by the Home Office without consulting the Security Service. The report brings out very clearly the fact that the Home Office was not primarily influenced by considerations of security, but was induced to swing from one decision to another by a variety of influences. The general effect of this state of affairs on the Security Service was to involve it in a position where there was no consistent policy in regard to security against espionage by enemy aliens, or subversive activities of a "Fifth Column" type. The Security Service was left to fall back on the impossible task of obtaining concrete evidence against individual enemy aliens, and this process contributed to overwhelm it in a mass of detailed enquiries. This is a position which could hardly have arisen if the Home Office had felt any real responsibility for the Security Service and its problems, or had regarded the enemy alien at large as a potential factor, however small, in the military situation.

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For the purposes of travel control a new section, D.4. under Colonel Adam, was formed in D Branch on the basis of plans which he had been preparing during the previous twelve months. The staff at Head Office and at the ports came into full operation on the outbreak of war.

Judging by the experiences of the last war B Branch expected to be able to rely to an important extent on Censorship for the detection of enemy spies, but it was also realised that wireless was likely to form an important means of communication between the Abwehr and its agents.

The only concrete evidence of this still was the wireless set produced by as having been given to him by officers of the Hamburg Abwehrstelle (vide Chapter III, Part 2, (i), (d) above.) Further developments are described in Part 2 of this Chapter.

(iii) Preventive or security investigations by B Branch.

As described in Chapter II, Lt.-Colonel Holt-Wilson had been in charge of all the preventive branches of the Office during the last war, but when the new one opened his duties were confined to those concerned with legislative measures. He had also drawn up plans for the detention and internment of enemy aliens which, however, had not been adopted by the Home Office (vide "The Enemy Population in the U.K. - Bibliography No. 24).

In regard to the remaining security or preventive functions B Branch as a whole, in the absence of any adequate knowledge of the Abwehr or SD organisation or of any important cases of espionage, was led to concern itself to a very large extent with enquiries of a preventive nature. In view of the little that was known and the large scope for suspicion among the uninterned enemy population and of the expected "Fifth Column" technique, this field was a very large one, and a very wide variety of enquiries were made by B Branch on their own initiative. These enquiries, although they disclosed no concrete proof to connect individuals with the enemy Secret Services frequently provided very strong circumstantial evidence to support the Security Service view that enemy nationals should be interned, at least as a preventive measure.

To mention only a few, a leading German named Kuchenmeister in the machine tool industry went over to Ireland at the beginning of the war and from there, sponsored by influential British interests, made attempts to return. Although no direct evidence of espionage was available he was known to have consorted with German Staff officers, taken some of them to British factories, to have been supported and consulted by a German Consul, and to have visited Germany frequently. He was eventually interned, but in order to keep him in internment B Branch was compelled by the

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requirements of the Birkett Committee to spend many hours in preparing an elaborate case to prove that this German was likely to be loyal to his own country and therefore disloyal to this; and the same work had to be done in numerous similar cases to an extent which by itself was sufficient to overwhelm the small staff available and to throw the Registry out of gear, thus diverting the Office as a whole from its proper function of combating the enemy Secret Services as a part of their military machine engaged in active operations which aimed at the destruction of the British Empire. Again, the affairs of the Concrete Pump Co., Ltd., mentioned in Chapter III, Part 2, (i), (d), above, involved prolonged investigations before arrangements could be made for the affairs of the Company to be managed by a firm of Chartered Accountants appointed by the Board of Trade, while the British-born German, Markmann, who was now the owner, was interned. Again, the trade in optical instruments required for precision work in gunnery and for other purposes was found shortly before the war to be largely in the hands of Germans some of whom were nationalised British subjects and, according to , had been closely associated with the German Military and Naval Attaches before the war. Information from another source had given grounds for enquiries regarding a number of office equipment companies which had connections with a company at Zella Mehlis in Thuringia. "Zella Mehlis code-typewriters" had been mentioned rather cryptically as connected with an extremely important source of German intelligence by an "unconscious agent" in the person of Rüter, a highly-placed official of the Auswärtiges Amt who had simultaneously - and without knowing - given us information about the German-Soviet negotiations to which he was a party. Numerous cases came to light as the result of a flood of information from the public and sometimes from other Government Departments about suspicious enemy aliens (the H Branch report compiled at the end of the last war had placed on record a warning that a flood of information of this kind was likely to reduce the Office to a state of chaos at the beginning of a war, but unfortunately no attention had been paid to this warning and the staff - in B.10 and other sections - to cope with the flood was over a period of months recruited at a rate which could not prevent it from being perpetually engulfed by the incoming tide. A typical case was that of a worthy old German, for many years resident in this country and with no claim to be a refugee from Nazi oppression, who suddenly specialised in selling ice cream, not so much to the general public as to nearly every aerodrome and anti-aircraft battery over a large sector of the defences of London. There was no direct evidence against him and nothing to connect him with any German organisations but the circumstantial evidence raised strong grounds for thinking that he might be communicating to the enemy some of the very comprehensive information about the defences which he could not help but obtain as a result of his daily tours by car to numerous sites. There were many cases of a somewhat similar kind, but it seemed useless to move the Home Office for their internment at a time when the Birkett Committee was showing itself anxious to release Germans against whom there were equally strong suspicions; and the Birkett Committee appeared to be persuaded by irrelevant evidence in cases where Germans made a good impression on them as being straightforward and honest men, overlooking the fact that such persons might be loyal to their own country.

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One case which illustrated the difficulties caused by the Advisory Committee - in this case presided over by Sir Walter Monckton - was that of Dr. Otto Bernhard Bode. He was physician to the German Embassy for many years before the war and on the staff of the German Hospital in London. He was granted British naturalisation on the 5th May 1933, for which purpose he gave guarantees that he had no connection with any foreign political organisation and did not intend to apply for the retention of his German citizenship. He subsequently broke both these guarantees retaining his German citizenship in November 1933 and became a member of the NSDAP in 1934, thus swearing an oath of absolute allegiance to Adolf Hitler which was incompatible with his oath of allegiance to H.M. the King. He was interned as a member of the NSDAP. When the grounds for this were questioned by the Advisory Committee on the ground, inter alia, that he had told the Committee that he had joined the Nazi Party for sentimental rather than political reasons, B Branch urged that if he were free they could have no confidence that the same sentimental feelings would not lead him to attempt to act in the interests of Germany. These interests, according to the former leader of the NSDAP in London, had led him to take British nationality as well as German, thereby, in our eyes, breaking his guarantee and committing a breach of faith. This was represented to the Home Office, but the Home Office on the advice of the Advisory Committee released him. A storm of indignation from several quarters followed and B Branch was then compelled to prepare an elaborate case, some thirty pages long, which involved setting out in full all the evidence available on our files. This finally resulted in Bode's re-internment, but B Branch protested that the elaboration of evidence against enemy aliens and members of the Nazi Party in this and numerous other cases in order to satisfy a quasi-judicial body that there was positive evidence of their loyalty to Hitler rather than to this country involved unjustifiable pressure to the detriment of their work and duty to make fresh enquiries with a view to further preventive action and the detection of enemy agents. In some of these cases the enemy aliens in question had not even assumed a false allegiance to this country in the interests of Germany.

Some of the cases which engaged a great deal of the energies of the small cadre of B Branch officers had a substantial basis such as those of members of the NSDAP who had moved over to Ireland on the outbreak of war. One of these, Werner Unland, carried on correspondence with Germany through neutral countries by a plain language code; but of the letters which came into our hands none appeared in virtue of the nature of the text to indicate that he was sending important information to Germany, but rather that he was attempting to make preparations to do so. Another group of enquiries was based on information given by _____ regarding the Abwehrstelle in Holland and its relations with two closely connected firms - the Todan Maatschappij in Holland and the Thor Corporation in London. One of the representatives of these firms named Hans Arnheim had been convicted of espionage by the French in North Africa after prolonged visits, before the war, to London and India where he had skilfully made contacts with a number of British Military and Naval officers.

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Besides the numerous cases in which B Branch attempted to make 'preventive' enquiries on their own initiative, some of the D sections, particularly D.3 - the Air Section under Group-Captain Archer - brought to notice numerous matters which appeared to require close investigation from a security point of view. As a result of these circumstances an attempt was made to induce the Home Office to feel a greater sense of responsibility for security, but without success; in fact the Home Office showed no sign of appreciating the security point of view, and it was clear that they had no feeling of responsibility in this respect but that their main object was to protect their Minister from having to answer awkward questions in the House. The Home Secretary at this time was not very successful in commanding the confidence of the House and was unable to give it a lead which would doubtless have secured the support of the great majority of Members if the security issue had been clearly and firmly presented. As he was unable to lead the House he wavered from one position to another in a manner which has been set out in detail in "The Enemy Alien Population in the U.K."

The D Branch sections dealing with security in munition and aircraft factories not only brought to notice a large number of cases which appeared to require investigation, but their small staff was occupied in an attempt to cover an immense field as the war industries expanded and their function of ensuring that adequate security measures were adopted in factories and public utility undertakings became widely extended in consequence. In many cases they found themselves compelled to concentrate almost exclusively on bottleneck industries or factories.

Early in the war D.2, the Naval Section, brought to notice the fact that while security arrangements had been initiated in regard to British shipping throughout the world there were no arrangements for investigating certain incidents which had occurred such as fires believed to be due to incendiary bombs in a ship's officer's cabin or a cargo of coal. D.3, the Air Section, also emphasised the importance of high-grade octane fuel which was of vital importance to Fighter Command and was brought across the Atlantic in tankers. These circumstances led Mr. Curry to propose the formation of a special section, B.18, later B.L.C., to deal with the investigation of enemy sabotage throughout the world. He was supported by the D.N.I. who made it clear that this type of investigation could not be conducted by the Admiralty and thus overcame reluctance in the Security Service to the undertaking of an added, but inescapable responsibility. In the circumstances at that time Mr. Curry was convinced that the difficulties of the Security Service were largely due to the fact that the responsibility of the Service as a whole and its parts had not been clearly defined. He therefore decided that it was desirable to frame instructions defining the responsibilities of the new section for whose creation he was responsible. The main points of this instruction, which was dated 16th March, were as follows :-

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The new section B.18 had been formed to assist the Director of the Security Service to discharge his functions and responsibilities in relation to sabotage and this included action to counter the activities of enemy sabotage agents as directed by the enemy Intelligence Services. In the light of the information then available, it was assumed that those of the German Intelligence Service might be supplemented by those of the Russians; and that their agents might be recruited either from among enemy aliens, other aliens or those elements of the British people who had been influenced by subversive ideas either of the extreme Right or of the extreme Left. After six months of war no large-scale sabotage had been directed by the enemy, but our knowledge of German military theory suggested that such action would be reserved to make it synchronise with the general requirements of their military strategy. They would aim at combining sabotage behind their enemy's lines with a military campaign as in the case of Poland. Preparations had, therefore, to be made to deal with intensive sabotage in a critical military situation.

The Director of the Security Service was responsible for the functions of B and D Divisions, i.e. for investigation and security and the responsibilities of B.18 must conform. They were charged with the collection, collation, dissemination and utilisation by all practical means of all information relating to sabotage from whatever source whether within the United Kingdom, the Dominions or Colonies or in foreign countries (the last-named through S.I.S.). It was, therefore, necessary for B.18 to assist the police in investigations of cases of sabotage and to establish liaison with all the Departments concerned, especially the Service Departments through D Division, in regard to munition and armament factories; the Government establishments of the three Services; railways; electric supplies and distribution; and other public utilities - in short everything covered by the term "Home Front" which offered a target to the saboteur. In addition to this, liaison was to be maintained with the Ministry of Shipping with regard to sabotage of the Mercantile Marine and neutral vessels in British charter.

The section was also made responsible for obtaining advice from experts (scientific and engineering) in regard to possible methods of chemical, bacteriological and technical sabotage.

When the responsibilities of the section were thus defined, Camp 020 had not yet been formed and the Security Service was not in a position to control the interrogation of arrested agents in the manner made possible by that institution. All the precedents of the previous war and of the peacetime work of the Security Service implied that all action connected with the interrogation of persons under arrest and the preparation of prosecutions should be arranged through the police. Moreover, the police would in the normal course investigate any case of sabotage which involved a felony. After Camp 020 had been established this position was entirely changed and the responsibility for dealing with the cases of arrested enemy sabotage and other agents rested with the Security Service.

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In view of the importance of establishing good relations with the police the section was placed in the charge of Sir Francis Griffith, who had recently retired from the Metropolitan Police and undertook the duty of initiating this work for six months. The section was, however, handicapped by the fact that no officer was available in the Security Service with the necessary scientific knowledge and training to cope with all the technical problems involved. To meet these needs Lord Rothschild was appointed to the section and shortly afterwards took over charge of it from Sir Francis Griffith. With his knowledge and training and with the advantages of contact with a wide range of experts in all the relevant fields of scientific enquiry Lord Rothschild was able to raise the work of the section to a higher level and to deal energetically with the wide range of problems involved.

When the section was formed it had been realised that while material or physical sabotage would constitute the problem in regard to which its functions could be closely defined, it must also be concerned with the other activities of the enemy organisation in the field of moral sabotage or the "Fifth Column" problem. In regard to this latter, its function could not be so closely defined because the subject was a large one which directly or indirectly concerned the whole of B Division and particularly the sections dealing with the NSDAP and the British Union of Fascists. At this time the Security Service was almost entirely ignorant of the enemy organisation which it had to combat and although there was no direct evidence regarding the relation between the German General Staff and their organisations for moral and material sabotage, it was assumed on the basis of a general knowledge of their methods that these relations would be close. It was, therefore, considered necessary that B.18 as the section dealing with sabotage should be responsible for obtaining intelligence - in whatever way might be possible - over this whole field. It was known that before the war the wide ramifications of German industry in this and other countries had been utilised by them for the purpose of obtaining intelligence of a varied and comprehensive nature about our war potential; but it was not known how far the enemy organisation had arranged to avail itself of the numerous opportunities open to it for establishing by these means a wartime espionage network. A considerable part of the energies of B Division had been devoted to the Herculean task of attempting to throw light on this question but without any positive results (it is now known that the Germans had not left any such network behind and the Security Service was, therefore, in the position of searching in the dark for something which did not exist). Partly because in the absence of any cases of sabotage the work of the section was not sufficient to occupy Lord Rothschild's energies, partly on account of his special qualifications and contacts and partly in order to enable him to assist in attempting to solve this general problem, Mr. Curry handed over to Lord Rothschild a number of enquiries connected with various aspects of German industry including the machine tool industry, the affairs of the German firm of Siemens Schuckert (Great Britain) Ltd and several others. The majority of the more important German members of Siemens Schuckert had left for Germany

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shortly before the war and in the spring and summer of 1940 most of the Germans and dual nationals who remained were interned, but Lord Rothschild conceived and executed a successful plan for arranging for an agent to get into touch with one of the known pro-Nazis connected with the firm. This was the beginning of the elaborate enterprise which aimed at penetrating the German "Fifth Column" organisation in this country and would undoubtedly have done so if the five hundred or so pro-Nazis with whom direct or indirect contact was established by our agent had also been in touch with the enemy organisation. The result of this most carefully manipulated case which was kept running throughout the whole period of the war was to establish - as far as it is possible to make reliable inferences in such a matter - that in fact the enemy had no such organisation among the individuals concerned and, therefore - with a possible exception in the unanswered question in the case of the British Union of Fascists - had no organisation prepared to render assistance at the time of the German invasion. These inferences however could not be drawn in 1940 or 1941 and it was only after 1942 and 1943 that they could be accepted with any degree of confidence. This case, therefore, played an important part in the attempt to probe the question of the "Fifth Column".

(iv) The establishment of travel control

The establishment of travel and port control on the outbreak of war was based on the experiences of the previous war when these measures were first introduced in this country as part of a plan for preventive action in the general scheme for counter espionage. In working out the plans before the war Colonel Adam availed himself of the E Division report of the last war, the responsibility of the Security Service in this respect having been outlined in the Government War Book prepared by the Committee of Imperial Defence and finally issued in 1936 (vide Appendix to SF.50-24-44(56)). These responsibilities are further defined in the War Office War Book (vide idem). Briefly, the effect of the security measures introduced as a result of the work of the War Emergency Legislation Committee, of which Lt.-Colonel Holt-Wilson was a member was to control the entry and exit to and from the United Kingdom under the Aliens' Order 1920, as amended, by preventing travel except through an "approved port" (of which there were twenty-three including air stations), subject to leave being given by an Immigration Officer and other conditions such as the possession of a valid passport or documents of identity and any information reasonably required by an Immigration Officer being produced. The regulations enabled the Secretary of State to declare any premises to be a protected place in order to keep places where passengers or seamen arrived or embarked free from undesirable and would-be illicit travellers and also in order to facilitate precautions against sabotage. All docks and airports were declared protected places shortly after the outbreak of war by the Secretary of State for War.

/Before

Before the war the provisions of the Aliens Order 1920 had been enforced by Immigration Officers in accordance with the requirements of peacetime conditions, but to fulfil the requirements of security in wartime a staff of Field Security personnel were appointed under Security Control Officers who were established at approved ports.

Other regulations which were ancillary to the above prohibited the possession of a camera or photographing or sketching in a prohibited place and provided that the Secretary of State might make orders prohibiting the despatch of postal packets or documents or articles recording information from being sent out of the United Kingdom except by post, and enabled the appropriate officer (which term included Customs Officers, Immigration Officers, a Constable or, under Warrants from the Secretary of State for War, Security Control Officers) to request travellers to declare whether they had any such documents or articles and to produce them; and also gave the appropriate officer the right to search the traveller if he had reasonable ground for suspecting that he had such an article. (For full details of the security measures reference must be made to the Defence Regulations and other relevant official papers including the D Division Report SF. 50-24-44(56).

At the same time the Exit Permit system was established and the Permit Office referred certain categories of cases to the Security Service for advice before granting a permit to British or neutral subjects. In the early stages of the war, before the German army had commenced to attack neighbouring countries, travel to neutral and allied countries in Europe and the Western Hemisphere was permitted with considerable freedom.

(v) The breakdown in the Registry

The large number of references to the Security Service in connection with travel permits was an important factor in overwhelming the Registry and contributed greatly to the chaos which resulted from other causes. One of these was that before the war, in order to enable the small Registry staff to cope with the rapidly increasing volume of work from 1936 onwards, a very large number of "omnibus" files had been made in preference to a far larger number of subject files or personal files for individuals. It became apparent within the first three months of the war that, as a result of the enormous flood of new papers, the requirements of vetting, the references for Exit Permits and the demands of the Advisory Committee, the Registry was heading for an early breakdown.

It was frequently found that the same files were required simultaneously by several officers for several different purposes. For instance investigations or representations to the Birkett Committee were frequently interrupted by the need for transferring the files to other sections to enable the question of Exit Permits to be

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decided. Moreover, in the early stages of the war when there were only about half-a-dozen officers in B Division with any knowledge of the work or of the "traces" on the files, the sectional officers were frequently unable to decide these questions themselves without reference to the handful of pre-war officers.

As a result of these conditions large bundles of files frequently accumulated in many of the sections and the work of all sections was slowed down by demands for files in these accumulated bundles constantly received from other sections. A further effect of this congestion was that the Registry staff were unable to obtain the files in order to put papers away in them and consequently masses of unfiled papers accumulated in the Registry.

By Christmas time it was obvious that a serious breakdown had occurred. No action to remedy this was taken because of the difficulty of obtaining financial provision for sufficient additional staff, and the whole question of the organisation of the Service was left over for an examination by Lord Hankey which took place in March 1940. So far from reporting on the breakdown he referred in eulogistic terms to the efficiency of the Registry which he said he had visited. Miss Paton-Smith, the head of the Registry, had made timely representations about the need to expand the staff, but the difficulty was to obtain Treasury sanction with sufficient rapidity to keep pace with the constantly mounting flood.

(vi) Lord Hankey's Report

The position of the Security Service as in March 1940 was reviewed at length in Lord Hankey's Report a copy of which was received at the end of May of that year. This report not only failed to disclose the serious condition of the Registry and the urgent need for further strengthening it, but, while fairly exhaustive in certain respects, was somewhat superficial in others. In particular he made no reference to the fact that the Security Service had received no information from S.I.S. of any practical value about the organisation of the German Secret Service which Section V and the Security Service had jointly to combat; and this in spite of the fact that some eighteen months previously the latter had informed Section V that the Abwehr had established bases in Holland and Belgium to operate against this country and that S.I.S. had established counter organisations in those countries which had, however, been unable to obtain any information of substantial value about their adversaries or the main organisation behind them.

To say this does not imply criticism of Colonel Vivian of Section V (who had achieved marked success in penetrating Comintern organisations before the war). The penetration of an organisation protected (as we now know in more detail) by Abwehrabteilung III and the Sicherheitsdienst was no easy problem and required good luck as well as skill and organisation. The point is that Lord Hankey ignored

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the dependence of the Security Service on Section V in this respect; failed to make an adequate examination of the vital nature of their functional relations and failed to bring out the fact that both organisations had not been adequately staffed in peacetime to enable them to prepare for the conditions of modern war - and as a corollary to insist on the urgent need for giving them a chance to develop on efficient lines.

In his reference to the function of the Security Service Lord Hankey described it as being "to provide a centre where all intelligence concerning espionage, sabotage and other subversive and illicit activities is pooled" and as being to "supply the utmost possible information, advice and assistance to the Government Departments concerned in the prevention and detection of all such activities whether directed against the State in general or the fighting Services and the Home Office and the Scottish Office in the investigation of alleged breaches of the law in the matters referred to above".

Lord Hankey failed to understand the responsibilities of the Security Service for executive action in combating the German Secret Intelligence under the Oberkommando der Wehrmacht by denying intelligence to the enemy, by the detection and prevention of espionage and sabotage and by helping the fighting Services in active deception as a vital part of our military operations. He overlooked the distinction between executive action for the detection of espionage and sabotage and executive action against the persons detected. His wording in his definition of the functions of the Security Service must be attributed to confused thinking in regard to the action against persons.

While it is difficult to account for his failure to penetrate to the essential principles involved in the above distinction it may be accounted for, in part, by the fact that in the previous war and throughout the period between the wars open executive action in espionage cases had invariably been taken by the police on the initiative or under the guidance of M.I.5 officers who remained in the background. At the time his report was written the machinery by which the Security Service subsequently developed its methods of detection by the action of the S.C.O.s at the ports, by interrogation of persons detained at the L.R.C. and at Camp O20, and the machinery by which it assisted in deception through the double-agents of B.L.A. had not yet come into existence. The Home Secretary had not yet delegated to B Division of the Security Service the authority to decide - on the basis of their information from intercepted enemy wireless and other sources - that Immigration Officers should in individual cases exercise their powers - without option or discretion and without knowing the relevant facts - of refusing leave to land. Nevertheless, even before those developments occurred, the Security Service had the same responsibilities for combating the enemy by denying intelligence and assisting in deception, and Lord Hankey, in fact, mentioned that the latter had taken place - although on a very small scale - in the previous war. The essential principles involved were the same in both wars and in the

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intervening period even when the action against persons was taken by the police and Immigration Officers as the executive machinery under the Home Office and in virtue of the executive authority of the Home Secretary. This is what Lord Hankey failed to perceive when he referred to "information, advice and assistance to the Government Departments concerned in the prevention and detection of all such activities".

Lord Hankey did not mention the splitting up of the preventive functions between B and D Branches and the Deputy-Director, although he described in some detail those functions as performed by the Deputy-Director Lt.-Colonel Holt-Wilson and the Assistant-Director (General Staff Branch) Colonel Allen, but he made no reference to the essentially preventive nature of the enquiries which at that time so fully occupied almost the whole of B Branch. He mentioned the immense burden thrown on the Security Service by the necessity of dealing with the Advisory Committee's attitude to the release of enemy aliens and said that among other things two hundred and fifty enemy aliens had been interrogated at length and that full reports had been sent to the Advisory Committee on over six hundred cases. He referred to the view taken by the Security Service of German espionage as differing entirely from that of August 1914 and as involving us in an attempt to cope with the plans for total war in which all the resources, not only of the State but of every individual, were bent to the use of the State; to the Wehrgesetz which applied to every Reich German including those who had British nationality; and to the work of the German intelligence - as it had been observed by the Security Service before the war - when all the resources of German industry, German railways and steamship lines and all the information collected in the ordinary way of business by the German import and export trade had to be counted into the equation. (He did not mention the part played by the German heavy industries and their connection with international cartels). He referred to the preventive action taken by the arrest of members of the NSDAP and other suspects at the beginning of the war and defended the Security Service against the attacks of Mr. Birkett for having arrested Germans "for no better reason" than that "under pressure" they had joined the NSDAP or the Deutsche Arbeitsfront by saying that at the outset of the war the Security Service were bound to play for safety in their advice and the Home Office were bound to accept it; and quoting the maxim "salus populi suprema lex" he maintained that some cases of hardship to enemy aliens were inevitable and that "hard cases made bad law".

(vii) The breakdown in the Security Service

Lord Hankey's report would have been of more immediate assistance to the Security Service in preventing the 'rot' from developing if he had emphasised the inadequacy of the staff in B and D Branches and in the Registry at that time, and the urgent need for measures for recruiting competent personnel. The real position was that not only had the Registry broken down through inadequate staff before the war and inadequate expansion

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after it, combined with a failure to heed the warning of H Branch in the previous war to the effect that a flood of paper was inevitable, but that there was no one under the Director who was responsible for all preventive action and preventive or security policy; and that B Branch was overwhelmed with an immense volume of investigation work of a mainly preventive nature, as already described.

A contributory factor both to the breakdown of the Registry and the breakdown in the Security Service as a whole, was the volume of vetting, including vetting for Exit Permits. Early in the war this work reached unforeseen proportions - the peak figure being nearly 8,200 cases per week in the quarter ending June 1940. This included vetting for numerous Departments, many of which suddenly became security-minded as a result of the "Fifth Column" scare after the fall of France. Sometimes almost Gilbertian proposals were made, such as a demand for the vetting of enemy aliens who were to be allowed to send parcels abroad. The mere weight of this work was a serious burden on the Registry, but it also had the effect of creating a situation in which officers were unable to pursue enquiries. The demands of the Advisory Committees added to the chaos, and their demands were sometimes couched in peremptory terms with a suggestion that if the relevant facts were not produced the internee would be released. The time of the head of B Branch was, during the first six months or more, largely taken up with rendering personal assistance to the Director, Sir Vernon Kell, and the duty of controlling and expanding the Branch fell to Captain Liddell, the Deputy-Assistant-Director of the Branch. It must be emphasised that B Branch as the one which initiated all action aiming at detection and a large part of the action of a preventive nature, was the crucial part on which the efficiency of the whole depended. In the early stages of the war there were only about half-a-dozen officers with any experience of the work, and having worked at high pressure for a long period before the war they were compelled to work for impossibly long hours for the first twelve months and more of the war, when nine to twelve hours a day for thirteen days a fortnight was not uncommon for a large number of officers, secretaries and Registry staff. These long hours - all limitations of regular hours were forgotten - were done on the initiative of individuals and as a result of a recognition of the urgent needs of the situation, both in the Office and outside it, at a time when the Government and the country as a whole was indulging in the complacency which arose from the conditions of the "phoney war".

(viii) Attempts to develop B Branch

Thus in the early months of 1940 it fell to Captain Liddell to attempt to develop and expand B Branch, to co-ordinate the work of B Branch with the security controls under D Branch and to cope with the problems of the enemy alien as presented to us by the Tribunals and the Birkett Committee. The Branch was expanding rapidly during these months and this expansion was marked by an absence of co-ordinating machinery within the Branch. The

+ For details see "Notes and lessons" at the end of the "Summary" volume, H Branch Report (1914-1918). *held R3- Historical Record*

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section under Lt.-Colonel Hinchley Cooke which had always dealt with German espionage continued to be in the same isolated position which it had held for some years. Certain other of the more experienced officers had been set apart to deal with special cases at the beginning of the war but as no special cases materialised they had drifted to other fields of activity such as the general preventive enquiries mentioned above. One of them, Mrs. Archer, became involved in a long enquiry into Russian espionage which resulted from General Krivitsky's visit to London and the information which he was willing to give us as a result of his break with Stalin. Major Sinclair was attempting to develop machinery to work on "double-agent" lines for the purpose of deceiving the enemy and in conjunction with the Inter-Services Liaison Board. Captain Robertson was dealing with the case of the double-agent and was attempting to find a key to the Abwehr system of wireless communications as a result of the clues furnished by He was also in charge of the section responsible for the investigation of all reports of illicit wireless transmissions and for co-ordinating the work in this connection of the police, the Radio Security Service and the G.P.O. Mr. White was supervising the work connected with the Communist Party and the Comintern and the arrangements for liquidating the Nazi Party and those for dealing with the repercussions of the work of the Enemy Aliens Tribunals and the Birkett Committee.

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It was obvious to everyone that arrangements for the better integration of these various activities were desirable, and at the suggestion of Captain Robertson a weekly meeting known as the "Lower Deck" meeting was organised under Mr. Curry. The purpose of this meeting was to exchange information on B Branch matters, i.e. on the results of the numerous current enquiries made by the B Branch sections, the number of which had increased from the pre-war half dozen to over twenty (some of which had several officers in them) in the early months of 1940. The meeting served a useful purpose in giving all the officers concerned a wider outlook and frequently made it possible to co-ordinate enquiries which were being pursued in isolation and would otherwise have remained isolated although they were concerned with closely related subjects or individuals. They also produced an even more acute realisation than had previously existed of the need for developing the machinery specifically to deal with the Abwehr, a detailed report on which was obtained from the Czechs early in April 1940 as the result of a special liaison established with them by an outside representative under the instructions of Mr. White and Mr. Curry.

The Czech information was important as it gave us our first real knowledge of the organisation of the Abwehr and it helped to further developments at which Captain Liddell had been aiming. During the previous two or three months he had attempted to develop a plan to divide the work of B Branch into two parts, one under Mr. White to be primarily concerned with an active enquiry into the nature, organisation and methods of the German Intelligence System, and the other under Mr. Curry was to be concerned with the security or preventive investigations

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in which the greater part of B Branch was then involved. Full effect, however, was never given to this plan. At the same time, attempts were made to set up nationality sections especially Dutch, Swiss and Swedish, the main object of which was to examine the possibilities of German agents coming to the United Kingdom from the countries concerned. The reason for this was the fact that it was known that the Germans had set up organisations in their Embassies in neutral countries for such purposes and that they had allies in the shape of sympathisers such as members of the Dutch Mussert Party. These sections were not intended to deal with the nationals of the country in question as such. After the invasion of Norway on the 9th April and Belgium and Holland on the 10th May, the work of these sections was radically altered as they had to deal with swarms of refugees including British subjects and the subjects of other countries including, for instance, Spanish Left-Wing Groups from France. The invasion and the fall of France inevitably had large repercussions on the work of the Security Service. It had to meet a situation for which it was unprepared. As far as the refugees were concerned it was mainly met by obtaining the assistance of some personnel from S.I.S. with local knowledge (e.g. Passport Control Personnel) and by establishing liaison with the emigré Governments as they established themselves in London as well as with General de Gaulle's organisation as representing the France which had not surrendered.

The liaison with the Polish authorities led them to provide us with a comprehensive statement of the use made by the Germans of their so-called "Fifth Column" in the course of the invasion of Poland in September 1939. According to this report the German minorities in Poland were extensively used to create alarm behind the Polish front. They had helped to create a feeling of insecurity in the Polish Forces by armed action, in some cases by men wearing Polish uniforms in order to seize strategical points or to signal to and otherwise assist the German Forces either by sabotage or by spreading alarming rumours. The Polish General Staff suggested that these methods had played an important part in causing demoralisation in combination with the rapid advance of the highly mechanised German forces.

In brief, by the time of the fall of France the organisation of the Security Service as a whole was in a state which can only be described as chaotic. Some of the reasons for this have been suggested but they cannot be disassociated from the fact that B Branch had no real knowledge of the German Secret Service organisations, that it was therefore compelled to assume that the Germans were in a position to run an efficient organisation for espionage, sabotage and, above all, for disintegration or "Fifth Column" purposes, which it was unable to detect and against which it was unable to provide adequate preventive measures. Moreover, the policy of the Home Office in dealing with the problem of the enemy alien was governed by considerations other than those of security as the Security Service saw them. There was no machinery inside

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the Home Office for the study and appreciation of intelligence dealing with the unprecedented phenomena of the totalitarian Nazi State; and the Home Office, which had always dealt with individual cases on a purely ad hoc basis, was influenced in formulating a policy by the questions of M.P.s in the House. The M.P.s who asked questions on such matters were frequently those who were least representative of the opinion of the House and the officials of the Home Office were governed very largely by a desire to protect the Home Secretary from difficulties arising out of questions, however unrepresentative they might be. The problems of security over the whole field of espionage, sabotage and the "Fifth Column" fell on B Branch which was simultaneously attempting to evolve means of detecting German agents without any inside knowledge of the German organisation. At the same time the Registry system had broken down and the Service as a whole had found itself overwhelmed by the problems of expansion necessitated by the outbreak of war for which no adequate preparation had been made beforehand.

PART 2.

THE CRISIS FROM THE FALL OF FRANCE TO THE

GERMAN ATTACK ON THE U.S.S.R.

(i) The retirement of Major-General Sir Vernon Kell and Lt.-Colonel Holt-Wilson.

Very shortly after taking office on the 11th May 1940, as Prime Minister, Mr. Churchill retired Major-General Sir Vernon Kell and Lt.-Colonel Holt-Wilson and appointed Brigadier Harker to be Director of the Security Service. For some time previous to his retirement Sir Vernon Kell had felt that the onerous nature of his duties weighed heavily on him, but his actual retirement took the Service by surprise and had a profound effect in view of the fact that it came at a time of crisis. The Security Service had been initiated by him and had acquired a high reputation by reason of its successes in the war of 1914-1918 under his direction. His character had always commanded the trust and respect of his staff. He performed an important national service by keeping it together in the difficult times between the wars when it had been necessary to carry on the work with machinery which was obviously inadequate. It was always a peculiarly personal affair in the sense that this Office was built round his personality. As such it received the confidence of a succession of Governments and Departmental officials in virtue of the quality of his reliability and discretion.

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(ii) Preventive measures taken by the internment of enemy aliens and British subjects.

The military situation shortly before and after the fall of France, when invasion seemed to be an imminent possibility, led to preventive action being taken by the internment of enemy aliens and British subjects who were likely to assist the enemy. The Home Office, succumbing to pressure from the War Office and supported by public opinion which became vocal under the pressure of events, decided on the general internment of enemy aliens. Almost immediately afterwards, influenced by the voices of another side of public opinion - partly roused by the inadequacy of the measures for the proper care of the internees - they swung round and proceeded to release them nominally by categories, but without binding themselves by these categories. (One result which was unsatisfactory from a security point of view was that it was possible for individuals whom the Security Service considered ought to be interned to be released on a medical certificate). One of the principal reasons for the inadequacy of the arrangements for internees was that the camps, which had been prepared for them by the military authorities in the light of the policy laid down before the war, had been utilised for other purposes in the interval. They could not, therefore, be made available when the general internment took place.

The same causes - arising out of the military situation - led to the internment at the end of May 1940 of Sir Oswald Mosley and other leaders of the B.U.F. The circumstances which led up to this and its consequences have been described at some length in Mr. Aiken Sneath's "The British Union of Fascists" (vide bibliography No. 6). Briefly, the facts are that during the period of international crises from the German invasion of Austria in March 1938 onwards B.U.F. propaganda had been conducted on behalf of Germany. This propaganda included slavish adulation of the German Government and completely uncritical approval of every act of the German Fuehrer. After the outbreak of war anti-war propaganda was continued and it emphasised such slogans as "stop this Jews' war". Mosley was more outspoken to his immediate followers; on one occasion he said that a revolutionary situation would develop within six months and the British Union must do all in its power to expedite this so that they would be in power within eight months. He continued to emphasise that it was purely a Jewish war. Many Fascists expressed a desire for a German victory and when the Germans invaded Norway the British Union supported the German claim that Norway's neutrality had been violated by this country. No voice in the British Union was raised to criticise the German invasion of the Low Countries. Considerable agitation was started in the Press regarding "Fifth Columnists" and British pro-Nazis, and the Government was urged on all sides to take drastic action against possible traitors. There were a certain number of cases of acts of treachery by members of the British Union and there was some evidence that members of this organisation were so indoctrinated by ideas based on anti-semitism and anti-Communism that they were likely to assist the enemy in the event of invasion (similar acts of treachery also occurred after the internment).

The entry of Italy into the war. Shortly before the declaration of war by Italy on the 10th June 1940 there were some 19,000 Italians in Great Britain registered with the police of whom about half were in London and the rest in the provinces, Scotland and Northern Ireland.

Arrangements which had already been made to intern members of the Fascio were carried out, some 1,200 Italian and British-Italian dual nationals being involved; in addition some 4,400 Italians who had not resided in this country previously to 1920 were interned in accordance with Home Office instructions under the general internment plan (for details vide "The Enemy Population in the U.K." - Bibliography No. 24).

Shortly afterwards when members of the Nazi Party were deported to Canada and Australia members of the Partito Nazionale Fascista were treated in the same way. A number of them were on the "Arandora Star" which was torpedoed by a German submarine on the way to Canada and this incident caused a reaction of opinion in some circles in London, largely owing to the fact that a number of well-known London hoteliers were among the members of the Fascio. Opinion in governmental and other circles in London was inclined to be favourably disposed towards them and argued that well-known and amiable Italians of this kind could not entertain any sinister intentions against this country.

The Security Service found itself somewhat isolated in putting forward another view of the implications of membership of the Fascio on the ground that people who had joined it, either under pressure or for business advantages would be likely, in the event of invasion to be subject to the same influences and would be led to play a part in any schemes for "Fifth Column" purposes which the Fascio might have planned. Their enquiries into this organisation and its branches in British countries had shown that the branches were under strict centralised control from Rome exercised through the Italian Consular officials. The Security Service had also been impressed by the extent of the influence of the Fascio on young Italians in this country including dual nationals (British-Italian). Members of the Fascio as well as those of the youth organisation were required to swear the Fascist oath to obey the orders of the Duce without discussion "and if necessary with my blood". It had come to notice that a camp for training and indoctrinating large numbers of the members of youth organisations from different parts of the world was held in Italy every year and was attended by a certain number of youths from this country. Moreover, the Fascist Secret Police or C.V.R.A. (Organizzazione di Vigilanza per la Repressione Anti-Fascista) was known to look to the Fasci as a useful source of information. In all these circumstances it was felt that there were good grounds for believing that membership of the Fasci involved a serious security issue from our point of view. Our experience suggested that some of the Italian Fascists were fanatical in their support of Mussolini's doctrine and policy and in their opposition to this country.

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(This suggestion was confirmed by later experience when the cases of internees were examined; and the proposition that some of the Italians were fanatical held good up to the end of the war, as was shown by enquiries made in internment camps).

There can be no doubt, although there is little direct evidence, that when she went to war Italy possessed a useful Intelligence Service which was fairly well-informed about opinion in this country and its war potential. Investigation into the affairs of the Partito Nazionale Fascista disclosed that it was the duty of all members to report incidents or give information to the Secretaries of the Fascio upon any matters likely to be of use to Italy. In 1936 evidence had been obtained from the Middle East that Fascists were to be organised for acts of sabotage on British airfields and oil plants in the event of war. In 1937 it was learnt that the overseas Fascist organisation had plans for sabotage in other parts of the British Dominions, and in 1940 similar evidence was obtained of preparations for sabotage in Canada in the event of war with Italy. There were branches of the Fascio in most of the large towns in this country and in many of the Dominions and Colonies. They were important sources of intelligence much of which was derived through Italian business interests, especially shipping and tourist companies, and others such as Pirelli's which had British War Office and Admiralty contracts. The Italian military and naval attachés were also known to employ secret agents in this country. One of these came to light in the person of Anna Wolkoff who obtained important information from Tyler Kent an employee of the American Embassy in London shortly before Italy came into the war.

The Foreign Office, however, did not take a favourable view of the internment of Italians on the ground that not to intern them might be of assistance in virtue of the fact that, as they suggested, the Italian people were not behind the Fascist Government in their war against this country. At the same time, the Home Office was anxious to revise the policy of general internment very soon after it had taken place by providing for release by categories in accordance with the White Paper. The Loraine Committee, which dealt with Italians, had not considered that membership of the Fascio was in itself sufficient ground for keeping an Italian in internment, and our Italian section formed the opinion that Sir Percy Loraine was working on lines which appeared wrong to us and that there was a probability of a number of dangerous Italians and duals being released. The Security Service officers felt that the Loraine Committee, like the Hurst and Birkett Committees, had not a sufficiently developed sense of responsibility for security in view of what they considered to be the possibilities of disruptive work in the event of an invasion.

During the summer and autumn of 1940 we learnt that the Home Office were releasing Italians under the various White Paper categories without making any reference to us on the erroneous assumption that if we had not recorded any concrete fact against an Italian on a Home Office file we did not consider that he should be interned as a preventive measure. As a result of this there were releases to which,

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had we been consulted, we should have raised objections. In addition to this, Italians whom we had regarded as dangerous on account of connection with Italian Intelligence - for instance an Italian in the shipping world - had been released on a medical certificate. Representations were made to the Home Office and the worse cases were re-interned. The Home Office, however, were often very inconsistent. For instance they proposed to release one Italian who had made a declaration of alienage in 1939, but they refused to release another merely on the ground that he had not led a moral life and was given to gambling on horse-racing (incidentally, he was one of a large number whom Lord Beaverbrook wanted released for work in aircraft factories).

In November 1940 we learnt that Mr. Morrison, the new Home Secretary, was more favourably disposed to the Security Service point of view than his predecessor in matters connected with the internment of Italians and the Fascio.

The position in regard to preventive measures and the "Fifth Column" in 1940-1941. In 1940 and the first half of 1941 when the threat of a German invasion hung over this country and our rearmament had made relatively little progress, it seemed to officers of the Security Service that it was an essential part of their duty to attempt to provide for preventive measures against the possibility that the Fascio might join the Germans and the British Union of Fascists in disruptive action at the critical point of an attempted invasion; and that, even if the Italians did not appear as a rule to be very dangerous, it was always possible that in combination with the other elements they might by acts of sabotage and by spreading panic create a temporary effect at a crucial point and thus bring about consequences out of all proportion to their intrinsic importance.

The position therefore was that in the early summer of 1940 action had been taken by the breaking up of the NSDAP organisations in this country at the beginning of the war; by the general internment of enemy aliens (never fully completed) and by the internment of members of the B.U.F. and other individuals including purely British subjects and British subjects of enemy origin or extraction. This action - although it may have required to be supplemented by further action against a certain number of individuals based on further enquiries - was in itself sufficient to render any "Fifth Column" organisation which may have existed largely, if not wholly, innocuous. These "Right-Wing" Movements, German, Italian and British, were the obvious foci of any "Fifth Column" and by analogy with what had happened on the continent might be expected as organisations to co-operate with the enemy. Although some parts of these organisations might have been left in being, their centres had been destroyed and, by arrest and internment if there were a number of individual "Fifth Columnists", their capacity for harm must have been greatly diminished by the elimination of the organisations. Nevertheless, as a subsequent

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enquiry by B.I.C. showed, there was at all times a considerable number of individuals, both German and British, at large who were so imbued with Fascist doctrines that they believed that a victory for Germany was preferable to a victory for the "Jewish controlled pluto-democracy" which they were deluded enough to think was in control in this country. Many of these individuals sincerely held this opinion and regarded themselves not as traitors but as patriotic people who saw the interests of their country in their true light. The effect of the internments was, however, gradually diminished by the releases of Germans, Italians and British subjects, but the immediate danger of invasion receded after the summer of 1941.

This, in brief, was the "Fifth Column" problem with which the Security Service had to deal; and it was closely allied to the purely counter-espionage problem because, in view of the inadequate state of our information at that time, it seemed probable that the German Intelligence Service might be receiving important military information from such sources. Subsequent enquiries established - but this was only two or three years later - that while such persons were willing to supply information to the enemy, the enemy had no organisation in being through which they could avail themselves of their opportunities.

While the real potentialities of a "Fifth Column" had been met as far as was possible in the face of the difficulties created by Home Office and Foreign Office policy, the Security Service was distracted by reports - largely of an imaginary nature - received, as a result of a not unnatural scare, from the public. There was less excuse for high officials who insisted on enquiries by the Security Service of the police into numerous supposedly suspicious incidents. These enquiries included an elaborate analysis of marks on telegraph poles, a memorandum on which was sent to the Home Office in July 1940 with the result that advice was sent to the police and the R.S.L.O.s to the effect that the marks were innocuous and were attributed in some cases to Scouts and Girl Guides. The organisation responsible having readily agreed to refrain from the practice, the marks were gradually obliterated. There were numerous enquiries regarding allegedly suspicious lights, some being due to reports from the military, naval or other authorities. One report sponsored from a very high quarter was a story that trees had been felled in a wood so as to make an arrow pointing to a neighbouring aerodrome. None of these numerous reports (some further details of which will be found in the B.I.C. report in Chapter V) had any substance, and none led to any positive results, to the uncovering of any real "Fifth Column" activities or even to the detection of a single enemy agent. The very great volume of paper involved had an overwhelming effect on the working of the machinery of the Security Service. Another phenomenon of this type which was never satisfactorily sifted was the frequency of reports in the summer of 1940 to the effect that "Lord Haw-Haw" had given precise details about some local event. These stories purported to show that the enemy had informants from whom they obtained prompt reports about local affairs in towns and villages. Enquiries made into

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numerous reports of this kind led to no positive result, but the possibility that in some cases such stories had been deliberately put about in order to provoke a scare could not be completely ruled out.

All these points served to emphasise the necessity for the Security Service being prepared in similar circumstances to deal with a flood of reports of all kinds at the beginning of a war. The establishment of the R.S.L.O.s went a long way to meet these difficulties and would have been more effective if it could have been achieved when the war began.

(iii) The appointment of Lord Swinton and the Security Executive.

On the 28th May 1940 the Security Executive was formed with the title of Home Defence Security Executive, under the chairmanship of Lord Swinton who also became the ministerial head of the Security Service. The purposes underlying the creation of the Security Executive were described by Lord Swinton as being due to the need to avoid duplication and hiatus resulting from the fact that in Great Britain the authorities mainly responsible for security were the Home Office (and under their general direction the Police Forces), the War Office and the Commander-in-Chief Home Forces, while many other Departments and Services had security functions within their own sphere. The Security Executive was therefore set up by the Prime Minister and charged with the duty of co-ordinating all security activities, preventing overlapping and omissions, affording opportunity for the sharing of experience and maintaining a proper balance between security and other national interests. It was explained that in practice security meant defence of the national interests against espionage, sabotage and attempts to procure defeat by subversive political activity. Security in this sense was not confined to the United Kingdom but extended to British Colonies, to the Dominions and India with whom liaison was maintained, and it covered such British interests abroad as the security of British ships and cargoes in foreign ports. The Chairman of the Security Executive was made responsible to the Prime Minister and in regard to internal security to the Lord President of the Council who acted for the Prime Minister in this sphere.

The Chairman was assisted by two independent members without departmental association or responsibilities and by representatives of the Prime Minister and the Lord President of the Council. An important method of conducting the business of the Security Executive was that by which the Chairman held regular meetings at which various Departments of the Government including the Intelligence Directorates of the three Fighting Services were represented as and when desirable. The Security Executive was a co-ordinating body and did not take operative action to give effect to its recommendations. Its function was

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to see that responsibility for action was assigned to the appropriate Departments. The Admiralty, War Office, Air Ministry, Home Office, G.H.Q. (Home Forces), the Ministry of Information, Postal and Telegraph Censorship, S.I.S., Security Service and the Metropolitan Police had regular liaison officers attached to the Executive, which was served by a small full-time staff of Civil Servants.

By the creation of the Security Executive, under Lord Swinton who also described himself as Executive Head of the Security Service⁺, many of the difficulties which had previously affected the Security Service were solved; but further difficulties were created by Lord Swinton's assumption of the position of "Executive Head of the Security Service" which appeared to imply that he held a position not analogous to that of the ministerial head of a Government Department but one involving the direction of the internal working of the machinery and direct control of the staff.

(iv) Developments during the summer of 1940.

The internal affairs of the Security Service. In pursuance of this assumption Lord Swinton introduced three new members to the staff of the Security Service and appointed Mr. Crocker, a solicitor, to be joint head of B Branch, Mr. Horrocks to deal with re-organisation including the Registry, and Mr. Frost to be in charge of a new Branch known as W Branch. Mr. Crocker's appointment placed the Director and Captain Liddell, who had succeeded Brigadier Harker as head of B Branch, in a difficult position. Lord Swinton did not define the respective functions of Mr. Crocker and Captain Liddell as joint heads of B Branch and this unprecedented administrative anomaly created a situation which by August 1940 induced Captain Liddell and a number of the senior officers of B Branch to consider the desirability of resigning, but they decided that this course could not be adopted in view of the critical war situation.

Mr. Horrocks proceeded to take immediate steps to remedy the situation in the Registry for which purpose he was able to obtain Treasury sanction to an immediate increase of Registry staff bringing the total up to nearly four hundred. With this large increase of untrained staff he decided that it was necessary to change

⁺ In a letter dated the 5th March 1941 (vide 18a in SF.51/30/36(I)) to Sir James Grigg, Permanent Under Secretary for War, he said "under the Cabinet decisions the operational control of the Security Service and of S.I.S., so far as it operates in this country, is vested in me working to the Lord President as Minister". In the same letter he refers to the Secretary of State for Foreign Affairs as the Minister responsible for expenditure incurred both by S.I.S. and the Security Service and remarks that "this need not involve him in the control of administration and operation".

the system which had been in force since the last war and to adopt a system which simplified the processes in the Registry. Under the old system importance was attached to specialised knowledge in Registry sections and especially on the part of the heads of those sections, each of whom was expected to acquire a thorough knowledge of the subject dealt with in her section. The change of system which abolished these heads of sections dealing with separate subjects necessitated a further change by which responsibility for decisions in regard to carding and extracting was transferred from the heads of registry sections to the sectional officers in B and other Divisions who were concerned with the action taken on the files.

The position when Mr. Horrocks took over was one of serious difficulty. He brought about a great improvement in the mechanics of the Office and gradually introduced order where there had been disorder and confusion.

This change involving the abandoning of specialised knowledge of the subject of the files on the part of the Registry staff was opposed by B Branch officers and was not well received by some of the able heads of Registry sections who had acquired knowledge as a result of application and industry, had worked the old system efficiently until they were overwhelmed by an immense increase of work without the staff to deal with it; and had maintained their morale for months in the face of this disaster. B Branch officers were unwilling to see such a drastic change of system in the middle of a crisis and were afraid that the more mechanical alternative adopted by Mr. Horrocks would deprive them of the assistance which they had previously enjoyed as a result of co-operation based on specialised knowledge. Mr. Horrocks, however, held that it was necessary to make the change and to adopt a more mechanical system which divided the work in the Registry into a number of simple processes. In addition to the large increase in staff a great effort extending over several months was required before the eventual high standard of efficiency was reached and this period of preparation and gradual improvement involved a considerable and unavoidable strain on the whole staff.

It is not possible to discuss all the arguments for and against the change. It may be mentioned, however, that it was felt that on the one hand the old system had the advantage of sustaining the morale of the Registry staff by developing a sense of responsibility based on knowledge of a subject and pride of workmanship. On the other hand it was decided that it was necessary to solve the immediate problem arising from the existing breakdown and that there was no practical alternative to a more mechanical system. The whole problem was one of considerable complexity both intrinsically and on account of the difference of opinion to which it gave rise.

The long duration of the controversy on the subject - it lasted from the summer of 1940 until March 1941 - had an unfortunate effect on morale. This was only brought to an end by Sir David Petrie's decision in favour of Mr. Horrocks' scheme. Mr. Horrocks' account of developments in the Registry will be found in Chapter V, Part 4.

/Mr. Frost

Mr Frost was appointed on the 24th July, 1940 to start the new W Branch, the chief object being the location of enemy agents by the detection of their channels of communication. Captain Robertson was appointed as his Chief Assistant and took with him his work in connection with double-agents. In addition to taking over existing work in connection with censorship, wireless and broadcasting, lights and signals, pigeons, leaflets and signs, for all of which sections in W Branch were created, another section was formed to report on communications between the enemy and their agents or prospective agents by means of advertisements in the British or Foreign Press. Arrangements were made to obtain the necessary information from the Service Departments about operations likely to be of interest to enemy agents. In view of the extremely secret nature of the information available in the last-named section it was proposed that only a limited number of officers of the Security Service should have access to the information in what was described as "the Operations Room".

As one of the main functions of B Branch - the detection of enemy agents - involved and to a great extent depended on the detection of their communications, it soon became obvious that the formation of W Branch involved reduplication as between W and B and the desirability of deciding on the legitimate and proper functions of W became increasingly pressing. This reduplication of machinery to exercise the same functions and to deal with the same problems could not but lead to friction between B and W Branches; and an atmosphere of intrigue which had previously been entirely unknown in the Security Service, began to develop.

On the 10th June 1940, at a meeting of the Home Defence Security Executive, Lord Swinton explained proposals for establishing the Security Intelligence Centre, and on the 17th July, 1940, he briefly reviewed the work done since its establishment. He said that, broadly speaking, the information which should be communicated to the Centre was any information which could throw light on any suspected "Fifth Column" activities in this country. Such information might be conveniently classified under the headings :-

1. Information pointing to an organised body or group, and individual agents.
2. Information pointing to means of communication to or from the enemy.
3. Instances of "Fifth Column" activity, including propaganda by wireless, leaflet, poster or speeches; leakages of information; sabotage; improper endeavours to obtain official information; attempts to slow down production; trading with the enemy; and suspicious activities by refugees.

There were several other minor headings. This comprehensive charter duplicated all the work of the Security Service in relation to "Fifth Column" activities; and, to a great extent, to sabotage and the detection of espionage. On the

10th March, 1941, Lord Swinton laid down that Mr. Abbot of the Secretariat should be the channel for enquiries from himself or the Centre directed to the Security Service. On the 19th March 1941, he informed the Director-General that the presence of a member of the Secretariat, as the Security Executive's liaison with the Security Service, would facilitate the transaction of this kind of business. The Security Intelligence Centre in the meanwhile became involved in enquiries connected with peace feelers, in which a direct approach was made to the police by utilising the Home Office Special Branch Summary instead of addressing the Security Service. The position of the Centre as duplicating our functions thus became extremely complicated and it ceased to function after April 1941.

During the summer of 1940 the position therefore was that Lord Swinton was attempting to duplicate the work of B Branch :-

1. In connection with the detection of espionage by setting up W Branch to deal with all problems relating to the interception of communications; and
2. in connection with "Fifth Column" work through the Security Intelligence Centre.

At the same time he had helped to reduce B Branch to a state of chaos and had seriously damaged the morale of its officers by appointing Mr. Crocker virtually to be joint head of it with undefined functions. None of these moves achieved any success. He was also regarded as changing horses in mid-stream by raising controversy at a time of crisis, without finding satisfactory solutions, especially in that he was responsible for the re-organisation of the Registry on new lines and for discarding the system based on the specialised knowledge of the Registry staff which had been recognised as a factor contributing towards the success of the whole organisation in the war of 1914-1918 and had afterwards been maintained to the general advantage in spite of inadequate numbers. The result of all these measures was that Captain Liddell, as head of B Branch, was in the position all through the critical months from the fall of France to the reorganisation in April 1941 of having almost unlimited responsibilities without the necessary powers to discharge them, while Lord Swinton was attempting to supersede the B Branch organisation by improvisations of his own.

The reasons which led Lord Swinton to adopt this policy or to abandon it are not known. The most obvious explanation would seem to be that he formed the opinion when first taking over his duties that the whole of B Branch was inefficient, but was unable to make up his mind to abolish it; that he failed to understand the nature of the work and the extent to which it is necessarily based on the Registry, i.e. the files and card index; and that eventually circumstances forced him to see that his improvisations in the Security Intelligence Centre and W Branch could not supersede B Branch.

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When Captain Liddell took over from Brigadier Harker as head of B Branch it was decided that Mr. Curry should become Deputy-Director of B Branch, but in view of the anomalous position created by Mr. Crocker's appointment effect was not given to this until the beginning of September when Mr. Crocker left. As soon as the position was cleared up by Mr. Crocker's departure, Captain Liddell made arrangements to reorganise B Branch which at this time consisted of ninety officers. The problem of effecting a reorganisation was complicated by the fact that the three senior officers in B Branch were overwhelmed with work and discussion frequently had to be carried on until late at night. The greatest practical difficulty in the way of reorganisation was the absence of concrete knowledge of the German organisation and the complexity involved in dealing with preventive or security enquiries with special reference to a "Fifth Column" problem of uncertain incidence. It was therefore decided by Captain Liddell and his senior assistants that until the position could be clarified by concrete evidence regarding the German organisation - possibilities in this direction were beginning to appear in September 1940 in view of the earliest attempts then being made to read the Abwehr wireless - it would be better not to attempt a drastic reorganisation but to group the twenty-five B sections which then existed under seven controlling officers as an interim measure. Each of the controlling officers was made to be responsible for a subject or group of subjects, i.e.

1. The internal security system in the Forces.
2. Co-ordination of counter-espionage measures against Germany.
3. Co-ordination of counter-espionage measures against the Soviets and collation of intelligence regarding Communist activities.
4. Collation of intelligence regarding the British Union of Fascists and other similar movements.
5. Co-ordination of counter-espionage measures against Italy.
6. Co-ordination of counter-sabotage measures.
7. Enquiries into cases of suspected espionage.

In addition to the above-mentioned seven groups there were organisations for the control of Regional Security Liaison Officers, and W Branch (which came under B now elevated from a Branch to a Division). The organisations for dealing with agents, the shadowing staff and other outside enquiries were also part of B Division, as well as certain officers retained for special enquiries.

The ideal at which B Division officers aimed was to secure the closest possible co-ordination in day-to-day working on the well-known lines associated with the name of Nelson. Each officer controlling a group was intended to have close touch with his staff and to control all their actions in detail in relation to other branches of the office or other Departments of Government. The ten

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senior officers were to form a compact body each of whom knew the mind of the head of B Division so well that he could whenever necessary act without instructions in accordance with general principles which had been thrashed out in discussion. The head of the Division was to be in a position to control the co-ordination of detection, prevention and intelligence, and all important contacts with the outside world, while his deputy was made responsible for internal organisation and co-ordination.

Lord Swinton effectively put a stop to all this. Before this re-organisation could be brought into force, and within a month of the initiation of discussions after Mr. Crocker's departure, Lord Swinton intervened and gave instructions to the Director that no further re-organisation of B Division should be attempted as he proposed to arrange for a re-organisation on other lines.

The Regional Security Liaison Officers. Early in the summer of 1940, on the suggestion of Captain Liddell and other B Branch officers, it was decided that Regional Security Liaison Officers should be appointed to the twelve regions into which the United Kingdom had been divided for purposes connected with an attempted invasion, and Mrs. Archer was placed in charge of a section known as B.R. to develop this scheme. The object was, in the first place, to provide an officer of the Security Service in each region to be in touch with the Regional Commissioner, the local military authorities and the Chief Constables of the cities, boroughs and counties to deal with all questions which might arise in the event of an invasion. They were also intended to relieve Head Office of a great deal of miscellaneous correspondence about minor details with the police and to establish a close personal liaison with police officers in order to obviate the difficulties which were arising from the lack of personal contact and from the fact that the circumstances had made it inevitable that a large number of untrained and inexperienced officers in different sections were carrying on correspondence with Chief Constables about the numerous cases of persons suspected of espionage or other dangerous activities as a result of information received from the public or other sources.

The R.S.L.O. scheme proved to be very satisfactory from the beginning. It involved a high degree of organisation and close contact by telephone between B.R. and the Regional Officers. The effectiveness of the scheme was also improved by a series of conferences for Regional Officers usually held at Blenheim after the move. When Mrs. Archer left in the autumn of 1940 Lt.-Colonel MacIver took charge of B.R.

Owing to the confusion and difficulties of the time when R.S.L.O.s were first appointed in the summer of 1940 their Charter and terms of reference were deliberately left in a vague form and no attempt was made to express them in concise terms. The position was explained to Chief Constables in a letter which made it clear that all future correspondence between the police and

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Head Office sections was to take place through the R.S.L.O. except in the case of Fascist or Communist matters. In regard to these two subjects the police were asked to correspond direct with Head Office, but to send a copy of each letter to the R.S.L.O. While no difficulty arose in regard to Communism the R.S.L.O.s soon became involved in a number of matters connected with the British Union of Fascists which, inevitably, entered into the general nexus of the "Fifth Column" problem. B.7., the section which dealt with the B.U.F. and other cognate matters had been inadequately manned to cope with the mass of enquiries which arose when Fascists were detained under D.R. 18(b). After the fall of France the section had been swamped and unable to deal with correspondence with the police and others without great delay and the R.S.L.O.s to a great extent stepped into the breach. Partly as a result of this assistance and partly as a result of the staff of B.7. at Headquarters being strengthened this position was gradually improved. By the end of the year the officers in B.7. felt that it was necessary that they, rather than R.S.L.O.s should be in control of the investigations regarding Fascists which were their responsibility. The question was discussed at a conference of R.S.L.O.s held at country headquarters on 6th January 1941 when the question was discussed with B.7., other B sections similarly affected and the Deputy-Director of B Division. As a result instructions were issued with the approval of the Director, B Division, which provided that an R.S.L.O. should not arrange for an arrest or for a search except in agreement with the section of Head Office (unless in a case of great emergency). It was made clear that the section at Head Office must be a repository of all important information and that it only was in a position to initiate or develop policy in regard to subjects within the scope of its duties.

One of the principal functions of B.R. was to provide for smooth running in the relations between R.S.L.O.s and other parts of the Security Service. In addition to this it dealt with all administrative and personnel questions under the guidance of the head of A Division.

German invasion plans and the arrival of agents in Eire. During the summer of 1940 while a German attempt at invasion was expected and indications of their preparations were reported, the Security Service was still without definite information about their Secret Service or its agents and it was left with the very uncomfortable feeling that there must be agents in this country whom it was unable to discover. It was not until a long time afterwards that it was possible to arrive at the conclusion that the Abwehr had, in fact, failed to establish an efficient network. In May, June and July six of their agents arrived in Eire by parachute or by sea. Captain Liddell's arrangements for an exchange of information with the Eire authorities - when advising before the war on measures to meet their request for co-operation - now bore fruit and valuable results were obtained in the way of prompt details. This was important

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because these cases reflecting, as they did, preliminary moves by the Abwehr appeared to be an indication of German strategical plans for the invasion of the British Isles (vide "The German Secret Service, August 1942" Bibliography No. 33).

The Irish Section of the Security Service, known as B.9., consisted of one officer, Mr. Cecil Liddell and a secretary. Like all the other sections of B Division it was overwhelmed with a mass of correspondence and reports of suspected cases which inundated it and after a time tended to render effective action difficult. In spite of these difficulties Captain Liddell and Mr. Cecil Liddell were able, through their contact with Colonel Liam Archer of the Eire Intelligence and with the Dominions Office and other authorities in London, to lift the main problems on to a level of high policy and to arrange for security measures on a sufficiently comprehensive scale to cover what might otherwise have been a very dangerous gap. The manner in which these various problems were solved will be described in Chapter V below.

The effect of German air-raids: the records damaged by enemy action. During the summer and autumn of 1940, however, German air-raids, which appeared to be a precursor of invasion, seriously interfered with the work at Head Office. The structure at Wormwood Scrubs in which the office was accommodated was regarded as unsafe except on the ground-floor and three-quarters or more of the staff were ordered to leave their rooms on the upper floors during air-raids. This sometimes resulted in many hours of the day being virtually lost and thus added to the other difficulties under which we were labouring.

In September an oil-bomb fell on the Registry and destroyed nearly all the card index and some files. This would have been even more disastrous than it was but for the action taken (as a result of Lord Rothschild's suggestions) to have the cards photographed when serious danger from air-raids threatened. It was decided in consequence of the fire that the records and the greater part of the staff should be moved from London to Blenheim Palace.

The move to Blenheim. The removal of the greater part of the Office to Blenheim in October 1940 inevitably dislocated the work in numerous ways. The Director, Colonel Allen as head of C and D Divisions and Captain Liddell with the staff in B Division most actively engaged in counter-espionage work remained in London, while numerically the greater part of B, C and D Divisions together with the Registry and an important part of A Division under Colonel Butler moved to the country. In spite of special facilities for communication by telephone, and transport by car supplemented by Despatch Riders carrying lighter papers over the seventy miles separating the two parts of the Office, difficulties were naturally experienced in matters of direction and co-ordination.

(v) Developments from October 1940 to June 1941.

Arrival of enemy agents in the United Kingdom.

In the beginning of September 1940 as they intensified their air attacks, the Germans began to despatch agents by sea or by air as part of their projected invasion operation. These men were captured almost immediately and the evidence showed that arrangements to send them here had been hastily made. They had instructions to act as operational agents to supply information for the use of the invading troops.

In September, October and November 1940 over twenty-five German agents are known to have arrived in the United Kingdom, mostly by parachute or small boats in connection with the preparations for an invasion to which the Battle of Britain was a preliminary (for details vide "The German Secret Service, August 1942" - Bibliography No. 33).

The establishment of Camp O20. As these agents were captured they were sent to Camp O20 for interrogation. Camp O20 had been established early in the summer of 1940 on the initiative of Mr. White and Major Stephens who had previously been engaged in interrogating members of the NSDAP arrested in the United Kingdom. The suggestion was taken up and carried through by Lord Swinton, and in the first place Camp O20, when established, was used for the examination of members of the British Union of Fascists as a component of the potential "Fifth Column". Partly as a result of questions in Parliament, the examination of B.U.F. members presented difficulties and no great success was achieved. As soon as the German agents started to arrive the institution proved its usefulness, and the Security Service is indebted to Lord Swinton for carrying through a project which would probably have been impossible but for his energetic support. It soon became evident that the institution of Camp O20 radically changed the status of the Security Service by enabling them to deal directly with the interrogation of German agents - instead of having to act through the police as was done in the last war - and materially added to the efficiency with which they were able to take counter measures against German spies and saboteurs.

Illicit Wireless Interception and the development of R.S.S. In the early stages of the war numerous reports were received from the public and other sources regarding the suspected use of wireless for the purpose of communicating with the enemy and, as in other similar matters, the great majority of these were without any substantial foundation. None of them led to the detection or discovery of a spy. Many cases, for instance, arose through individuals accidentally picking up Morse signals on their wireless receivers thus leading to their neighbours or passers-by reporting "the suspicious circumstances" to the authorities. The large number of these and similar cases contributed to swamping the police and the Security Service with a vast volume of enquiries which, however fruitless they might appear, involved a great deal of care and labour.

A section known as B.3., under Lt.-Colonel Simpson, C.M.G., R.E., had been established at the beginning of the war to deal with these enquiries. The result of the decision of 7th December 1938 (mentioned in the last Chapter) to establish R.S.S. under the War Office, had the effect of virtually confining B.3. to two duties apart from liaison with R.S.S. These two duties were -

(a) to receive reports from informants and the police about suspected illicit transmissions in the United Kingdom and take appropriate action in each case, and -

(b) to arrange for intelligence officers to accompany and direct mobile units attempting to locate illicit wireless sets with a view to arranging for the necessary executive action in conjunction with the police if the search proved successful.

In the meanwhile the R.S.S. organisation had been set up on the lines suggested by Lt.-Colonel Simpson in his report of the 10th October 1938 (vide SF.51/30/36). Lt.-Colonel Simpson, who had been Deputy Managing Director of Marconi's Wireless Telegraph Company, Ltd., Director, Wireless Telegraphs, of the Government of India, and had had experience in this subject in the last war, reported that the position had entirely changed owing to developments since 1918 and that the existing arrangements for Security Service purposes at the end of 1938 were totally inadequate, while the interception and D/F stations belonging to other branches of the Services were fully occupied in attending to their own requirements. He had recommended that R.S.S. should consist of three fixed D/F stations, six portable D/F stations, one fixed interception station and one portable interception station, all to be connected by the necessary land lines for communication purposes and to be supported by an Observer Corps of voluntary interceptors. He emphasised that these voluntary interceptors, to the number of some fifty or sixty picked amateurs, would have to be very carefully selected as the work required a very high degree of keenness, initiative, coolness and power of concentration and that to become a first-class interception operator was a life study. Experience had shown that first-class operators knew what was going on in the air almost as it were by instinct and were often able to make valuable suggestions as to the nature of a message even if the actual contents were not known. The question of selection and training was, therefore, of the highest importance. He also emphasised the difference in the objectives of the Post Office and the Security Service and urged that the real solution was to be found "in centralising all work of this nature (as apart from the requirements of the fighting Services) in a separate section having its own permanent establishment of equipment and personnel."

The headquarters of R.S.S. had been located in the same building as the Security Service at the beginning of the war and the closest liaison was, therefore, possible and was effected; but on February 2nd 1940 Lt.-Colonel Simpson reported that the state of affairs concerning the detection of illicit wireless was extremely unsatisfactory and that this was largely due to the failure of the

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Post Office to provide the right type of personnel. On the 20th March 1940, however, at a conference at which the Security Service, R.S.S. and G.C. & C.S. were represented, it was revealed that R.S.S. had realised that in their search for illicit wireless transmission in this country they had intercepted transmissions of the German Intelligence Service which had no direct connection with the operation of agents in this country, some of these messages having been deciphered by the combined efforts of officers of the Security Service and R.S.S. Arrangements were made at this meeting for G.C. & C.S. to form a separate section to study this traffic. This was the beginning of the I.S.C.S. section of the G.C. & C.S. and of the material known as ISOS.

As these developments progressed it became obvious that the joint control by M.I.8., the Post Office and the Security Service was breaking down. In November 1940, however, Major E.W.E. Gill of R.S.S. prepared a paper which described the work done since the beginning of the war and brought certain new facts to notice. This paper constituted a turning-point in the history of the interception of German Secret Service wireless messages because it showed that while no enemy agents using wireless had been detected in this country it was possible to develop a system which could produce, and had already produced, important information about the organisation behind the agents. He mentioned that the Security Service had supplied R.S.S. with two facts at the beginning of the war. The first was the type of message which agents would probably send and the second the station to which they might work in Germany. (This information had been derived from the agent Owens who had instructions from the Abwehr station in Hamburg regarding the use of the wireless set which he had handed over in London before the war). A special watch was therefore kept on wireless traffic to and from this station and messages of the type expected were picked up. In the first place - in the spring of 1940 - these messages were found to be communications with a ship which was evidently moving round the coast of Norway. As a result of the combined efforts of Captain Trevor Roper and other officers of R.S.S. and the Security Service the cyphers were "cracked" and it appeared that this ship was the "Theseus" and was sending in reports on neutral shipping. The next step taken by R.S.S. had been, instead of confining attention to Hamburg, to investigate traffic from any station which appeared to be of the same or of a closely approximate type. This revealed - again in the spring of 1940 - an organisation working from Germany to agents in Holland, Belgium, Luxembourg and later in Paris. The agents were supplying information about defences, road-blocks, troop movements and similar matters and the main enquiries from Germany had been directed to the region over which the German advance had shortly afterwards been made. After the fall of France other ships similar to the "Theseus" moved down channel and shortly before the projected invasion of England a group of stations had been detected as working between Cherbourg, Brussels, Paris and Germany and using the same type of message as the "Theseus". These messages were read and it became apparent that the stations were intended to communicate with agents whom it was hoped to land in England by various methods. Enough

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information had been gained to make it possible to identify most of the agents who had been landed and arrested almost immediately. Further enquiries along the same lines had led to the discovery of agents in widely separated parts of the world including the U.S.A., Eire, Greece and Spanish Morocco. Another similar group of traffic was identified as probably based on Vienna and as working to agents in the Balkans. On this group a number of questions had been asked about the whereabouts of Rumanian and Russian Divisions when the German troops entered Rumania.

All the messages mentioned above had been deciphered, mainly by G.C. & C.S., after the establishment of the ISOS section mentioned above, but R.S.S. had picked up a very large and important group whose messages had not proved readable. They had first attracted attention because inaccurate bearings had suggested that some of the stations were in England. The difficulty of the cyphers, the magnitude of the traffic and the fact that the centre of the group was at Berlin with stations all over Europe indicated that the group was more important than those of which cyphers had been read.

Major Gill pointed out that these facts indicated the great potentialities of the information to be obtained as a result of R.S.S. working on these lines. He also drew attention to the problem of providing for the necessary expansion: in R.S.S. for the purpose of interception and in G.C. & C.S. for that of deciphering.

Major Gill's document was an effective answer to the doubts which had been expressed about the efficiency and usefulness of R.S.S. and about the desirability of its being transferred from M.I.8. to "M.I.5." as had been strongly recommended by the M.I.8. Colonel.

Discussions regarding this proposed transfer had been going on since it was first made by M.I.8. on the 9th October 1940. In the middle of December Major Frost put up a memorandum suggesting that R.S.S. should be transferred to his control as Director of the "W Division". Lord Swinton referred the matter in January to Sir David Petrie who was then examining the organisation of the Security Service and asked for his opinion. He suggested on the 30th January that R.S.S. should be transferred completely to S.I.S. to be equipped, staffed and run purely as an intelligence instrument and he referred to it as "so potentially valuable an auxiliary of the Security and Secret Services".

On the 7th March 1941 the Secretary of State for War formally authorized the transfer of R.S.S. from the War Office to M.I.6. (S.I.S.) with the agreement of the Foreign Secretary and other interested parties. This decision was of crucial importance in more respects than one. If R.S.S. had been transferred to W Branch it would to all appearance have involved a serious dislocation in the relations between W Branch and B Division and the virtual supersession of the latter by the former in so far

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as the direction of work connected with the German Secret Services was concerned. For this reason apart from the fact that S.I.S. had - and the Security Service had not - the technical and administrative equipment to enable it to cope with R.S.S. problems, it was preferable from the point of view of B Division officers that the control should rest with S.I.S. By this time they had lost the services of Lt.-Colonel Simpson, their only officer who could have developed and administered the necessary technical organisation on their behalf. They did not and could not foresee the subsequent attitude of Lt.-Colonel Cowgill of Section V and the developments which will find their place in the next Chapter.

The beginning of effective counter-espionage work. During the period September 1940 to June 1941 the organisation, under Mr. White as controlling officer for the co-ordination of counter espionage measures against German agents, began to take shape as planned by 'B' and 'Dy.B.' and in an embryonic form some of its important components began to fit into place. These were: Camp 020 for the interrogation of agents under Major Stephens; a special Registry section for the card-indexing of ISOS (the Abwehr w/t) working directly to Mr. White (this subsequently grew into a B.1 section and the B.1 Registry, a group of Registry staff with a specialised knowledge of the German Intelligence Services which was essential in order to make readily accessible the results of intercepting their wireless, or the ISOS material, and to marry it to the information obtained by interrogation at Camp 020 or from other Security Service sources); and the manipulation of double-agents under Major Robertson. One very weak spot at this time was the section known as B.24, which subsequently was transmogrified into the "R.P.S." and later known as the L.R.C. (London Reception Centre). B.24 was responsible for interrogating refugees who arrived from the continent but the staff - provided mainly from S.I.S. - was not very competent and it failed to evolve any systematic method of dealing with its problems. The heads of B Division at this time were conscious of the urgent need for reorganising this staff but were prevented from doing so by Lord Swinton's embargo on any further reorganisation until he had evolved his own scheme. For a time the difficulty in finding suitable staff proved insurmountable; it was even difficult to find an experienced officer to take charge of B.24.

Further arrivals of German agents. In the meanwhile, the arrival of other German agents in 1940 and early 1941 proved the need for a careful examination of arrivals from enemy-occupied territory amongst whom it was now evident the Abwehr was contriving to insert its secret agents (for details vide Part 2 of "The German Secret Service, August 1942" - Bibliography No. 33). In particular arrivals by small boat from Norway with the object of securing naval information or penetrating Allied organisation in this country; a few agents with long term missions; and some seamen, provided B Division with reasons for improving the arrangements for interrogation at the L.R.C. When agents were uncovered among the arrivals at the L.R.C. they

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were transferred to Camp 020 where a series of more intensified interrogations laid the foundation of much of the subsequent knowledge of the German organisation, its methods and its agents, which enabled the Security Service gradually to arrive at a feeling of confidence that they had the measure of their opponents. This took time, however, and the manner in which the organisation was built up will be described in detail in the next Chapter. The first results of these early beginnings of effective counter espionage work were summarised in a report prepared by Mr. White entitled "The German Secret Service" in December 1940 (vide Bibliography No. 39).

Lord Swinton's re-organisation. Lord Swinton had vetoed further reorganisation of B Division by its own officers in the first week of October but it was not until the 17th December that he put forward his own proposals in a final form. He professed himself as entirely satisfied with the organisation of C and D Divisions and addressed himself to the problem of B which he proposed should be divided into three new Divisions to deal with -

1. active espionage
2. subversive movements
3. aliens control

This plan was based on a remark made by Mr. White in a lecture to new officers in which he had said that each of these three elements came into the work of every section; and in his first tentative scheme Lord Swinton attempted - a very different conception - to devise a plan to divide most of the existing sections into three elements on these scholastic lines. At a meeting held by Lord Swinton on the 17th December Captain Liddell, on being asked for his opinion, gave reasons for opposing the scheme for dividing B Division as it aimed at carving into three parts a unit, most of whose members were conscious of the strongest possible grounds for closer co-ordination rather than separation. One of the objections to the scheme was that it proposed that the section dealing with the internment of Germans and Italians should be in one Division, that dealing with members of the British Union of Fascists and other British extreme pro-Nazis in another Division, while the section dealing with the German organisation for promoting subversive activities remained in the third, i.e. B Division. It was therefore considered that in the event of invasion, if the pattern which had been followed elsewhere were repeated here, preventive measures against the different components of the so-called "Fifth Column" seemed likely to be rendered unnecessarily cumbersome as a result of this divided direction. Again, the B section in question, i.e. the sabotage section, was concerned with active enquiries in pro-German circles in this country which included that of the British Union of Fascists and its sympathisers. At the same time the M Section which was responsible for controlling agents to penetrate German, Italian, British, Fascist and Communist organisations in this country was placed in B Division while its work was chiefly connected with that of the other two new Divisions as proposed.

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At this meeting Captain Liddell put forward a suggestion by Mr. Curry that the major Departments of Government should be moved to accept a more positive responsibility for security measures. In particular the intention was that the Secretary of State for War and the Home Secretary should be moved to look at the question of the internment of enemy aliens as a preventive measure with a view to dealing with espionage and to the possibilities of invasion. It was hoped that if Lord Swinton agreed to take this up it would tend to relieve B Division from the pressure imposed on it by concentration on security problems and leave it more free to develop machinery for getting to grips with the Abwehr. Lord Swinton, however, refused to discuss the suggestion. He insisted on the division of B Division into three "blocks", but finally appeared to agree that these should all be controlled by one officer.

Sir David Petrie's arrival. Lord Swinton, however, made it clear that he was determined to carry through his scheme to divide B Division in spite of all opposition, but he delayed putting it into effect pending an examination by Sir David Petrie who had been called home from Egypt for the purpose. Sir David Petrie started his examination at the beginning of the New Year and reported towards the end of February. He accepted the appointment of the head of the Security Service with the title of Director-General and took up the appointment at the beginning of March.

When Sir David Petrie took charge of the Office as Director-General it was decided that Lord Swinton should occupy a position analogous to that of a ministerial head of a Department and that the control of the staff and internal direction of the Office should be in the hands of the Director-General. The instructions defining the functions of the Security Executive were subsequently altered accordingly; the phrase "the Chairman of the Executive happens also to be the Executive Head of the Security Service; this, although convenient, is not essential to his functions" being altered to "The Chairman of the Executive has certain personal responsibilities with regard to the Security Service and M.I.6.; this, although convenient, is not essential to his functions."

PART 3.
COMMUNISM AND THE U.S.S.R.
1939-1941

(i) The outbreak of war and Comintern policy.

In 1938 the C.P.G.B. had received instructions from the Comintern that it was to oppose the Chamberlain Government in the event of war, but the actual outbreak in 1939 faced it with a dilemma. It had been conducting a campaign of strong opposition to Fascism in Europe and, in particular, against Nazi Germany; and it attempted to seize both horns of this dilemma by proclaiming that it had to wage a war on two fronts, against Fascism abroad in the person of Hitler and against Fascism at home in the person of Mr. Chamberlain.

Within a month, this policy was thrown into confusion by the Soviet attitude to Germany, the Soviet advance into Poland and by the receipt of instructions from the Comintern in the shape of a "short thesis of the Third International" news of which was brought from Moscow by D.F. Springhall. This, when received immediately afterwards (vide Bibliography No. 17 and No. 18) contained categorical instructions to the C.P.G.B. that it was to regard the war as an "imperialist and unjust war". The effect of this Communist phraseology was to imply that the war was a struggle for supremacy between two imperialist powers and was one which the working classes should not support. Springhall attended a meeting of the Central Committee of the C.P.G.B. on the 25th September and explained the views of the Comintern as stated to him by Georg Dimitrov, the Secretary of that organisation and Andre Marty, a veteran French Communist Party representative at Comintern Headquarters. Further discussion was postponed until the 2nd and 3rd October on account of the existence of opposition to the Comintern line and the Political Bureau appointed a Secretariat consisting of D.F. Springhall, W. Rust and R.F. Dutt to deal with the question. At the renewed discussions Dutt read the text of the short thesis as received from the Comintern and said that its whole substance should be literally incorporated in a resolution by the Central Committee of the C.P.G.B. for communication to District Committees and other Party organisations.

R.F. Dutt, as one of the Party's leading interpreters of Communist theory, made it evident that he was prepared to accept the line afterwards known as "revolutionary defeatism" with all its implications. It implied, as the discussion at these meetings showed, that the Communist Party should work for the military defeat

of their own country on the lines laid down for the Russian Communist Party by Lenin in the last war. Dutt made it clear that on this issue of the attitude to the war "we must have absolute identity and (? in) the international line of all Parties" and that "Every section of the International needs equally to understand this new situation and be capable of adopting its tactics in relation to it". He showed that they did not want a mechanical acceptance of the Comintern line but that everyone must willingly recognise the necessity of conforming to the line. Underlying his argument was the theme that the existence of the Soviet Union was a powerful factor making for the advance of world revolution and that the sections of the Comintern must therefore support and follow Soviet policy. The result of the discussion was that the Central Committee was prepared to accept the policy laid down by the Comintern, except for Harry Pollitt and J.R. Campbell.

Copies of the Minutes of this meeting came into the hands of F Division, as did those of the letters of recantation mentioned below, and they afforded a good illustration of the working of the Communist Party.

The extremely lengthy Minutes of these discussions are very instructive as showing the means by which the C.P.G.B. was induced to follow the International line against the judgment of two of its most important and experienced leaders. These two, Pollitt and Campbell together with Gallacher, were referred to by Dutt as being three of the four members of the Executive Committee of the Communist International on the Central Committee of the C.P.G.B. The fourth was Dutt himself, and he made it clear that their open opposition to the decision of the E.C.C.I. was a tremendously serious matter for the Party. It was, he said, a thing which went beyond the competence of "our Party" and a matter for the concern of the International. Pollitt and Campbell maintained their opposition until the middle of November 1939 when they sent in letters of recantation to the Central Committee. Pollitt admitted his mistake, explaining how he had fallen into error and recognised that he had been wrong in opposing the line of the Comintern, and had thereby done harm to the Party and played into the hands of the class enemy, especially into the hands of the reactionary labour leaders.

(ii) The C.P.G.B. adopts the Comintern policy: "revolutionary defeatism".

On the 7th October 1939 the change of line by the C.P.G.B. was proclaimed in a manifesto which introduced the policy of "revolutionary defeatism" - a policy which was maintained until the attack on Russia in June 1941. Having thus adopted the Comintern line, the Party proceeded to attempt to hinder war-production by promoting strikes. As one Party leader put it, the position was that there was no factory in which there was no grievance, and there was no grievance which could not be utilised to promote a strike. Thus the Communists took a leading part in pressing for strike action, but it cannot be said that the strikes themselves had no industrial basis. Industrial

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unrest of this kind was fermented by the 'New Propellor' the new periodical of the Communist auxiliary, the Engineer and Allied Trades Shop Stewards National Council, while the 'Daily Worker' persistently attempted to obstruct the prosecution of the war.

The activities of the French Communist Party had also been directed mainly against its own Government and the effect on the morale of the French Army was reported as being serious. The French Government declared the French Communist Party illegal, and some of its leaders were arrested and tried. The C.P.G.B. feared that the British Government might take similar measures, and for a time the Communist Party headquarters in London was almost deserted while Party leaders sought refuge in industrial employment.

In August 1940 the Communist Party began to form local "Peoples' Vigilance Committees" under the direction of a "Peoples' Convention" with the slogan "for a peoples' Government and a peoples' peace". The effects of these movements were not always what the Party desired, but this propaganda was not entirely without effect on public morale. Its chief vehicle, the 'Daily Worker', was banned under DR.2D by the Home Secretary on January 21st 1941. (This ban lasted until September 7th 1942).

(iii) The German attack on the U.S.S.R.

The attack by Germany on the Soviet Union on 22nd June 1941 took the Communist leaders by surprise. The Political Bureau of the Party met hurriedly and issued a statement which described the attack as the sequel to secret movements which had been taking place "behind the curtain of the Hess mission" and declared that the Communist Party should have no confidence in the present Government. D.F. Springhall, the national organiser of the Party, was asked in the late afternoon of the 22nd June whether it would not have been better to await the Prime Minister's speech before publishing this statement, but he replied "We can make up our minds without waiting to listen to that enemy of the workers".

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(iv) Alien Communists in the United Kingdom 1939-1941.

During the period 1939-1941 alien Communists in this country, like the C.P.G.B., took part in the campaign against the Allied war effort after receipt of the Comintern instructions in September 1939, although prior to this a number of alien refugee Communists had offered their services to the British Government to fight against "Hitler and Fascism". At the beginning of 1940 an open letter by a German Communist Party Leader in the U.S.S.R. was circulated in this country. It stated that the German Government had

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declared its willingness to maintain peaceful relations with the U.S.S.R. while the Anglo-French bloc was aiming at war with the Soviet Union and with the Russian people, and that German workers had a common interest in frustrating the English war plan which was contrary to the interests of all workers. It laid down that it was impossible to fight for democratic freedom by means of an alliance with the "reactionary forces of British imperialism".

In May 1940 a large proportion of the German and Austrian Communists in this country were interned as a consequence of the general internment order. Inside the internment camps, as well as outside, alien Communists led a campaign against enlistment in the Auxiliary Military Pioneer Corps. Many of the internees were released as a result of the Home Office policy in favour of release by categories as announced in August 1940, and many of the alien Communists who were released were absorbed into agriculture, forestry and industry. From June 1940 until June 1941 Communist agitation was prominent among Greek seamen whose legitimate grievances were exploited through the Greek Seamen's Union (N.E.E.) which owed its origin to the Greek Section of the Communist International of Seamen and Harbour Workers which operated for a time from New York City where it was linked to the Communist Party of the U.S.A. The headquarters of the Union were later transferred to this country and were a constant source of trouble among Greek seamen. In the meanwhile, Communists of countries occupied by the enemy came to this country to serve in the Allied Forces or as merchant seamen attached to their respective national shipping pools.

(v) B Branch policy in regard to Communism.

All these phases of Communist policy as formulated and translated into action were kept under observation by the section of B Branch which dealt with this subject. They formed the subject of reports to the Government Departments concerned. They had also to be taken into consideration in connection with vetting for employment.

The general effect of the Communist attitude and of the relations between the Governments of Germany and the U.S.S.R. were to add to the difficulties of B Branch in dealing with the problems relating to counter-espionage. There were occasions when the possibility of individual Communists or the Russian Secret Service assisting the enemy could not be ruled out, as described under the sub-heading "Soviet Espionage" below.

Apart from this question of counter-espionage the essential function of B.4.A and B.4.B., the sections dealing with British and foreign Communists respectively during the period prior to the German attack on Russia, was to obtain the widest possible range of intelligence on their subjects. The main impact of the policy of "revolutionary defeatism" fell in the industrial sphere and it became clear that it was here that the Communist Party could do the most

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immediate harm to the war effort. The change from peace to war conditions inevitably created a number of grievances which could be exploited by the Party; and it was natural in the circumstances that there should have been pressure from various quarters for drastic action either against individual Communists or against the Party as a whole. The Security Service always resisted this pressure and in this course found itself in alignment with the policy of the Ministry of Labour. The Security Service also supported the view of the Ministry of Labour that a positive policy to deal with grievances was preferable to any attempt to take repressive action. A distinction was, at the same time, drawn between agitation which fomented industrial unrest and the physical sabotage of industrial plant. Industrial unrest was necessarily a matter which involved the position of the Trade Unions; and when the Security Service obtained information regarding Communists' attempts to undermine this position, information on the subject was communicated to the Ministry of Labour on the understanding that it might, when considered suitable, be communicated to the Union leaders. It was not considered desirable that the Security Service should have any direct contact with the Union leaders, although occasional contact with the T.U.C. had been established and Sir Walter Citrine had given assistance in certain enquiries into minor cases of sabotage which, it was thought, might be attributable either to enemy inspiration or to the results of Communist agitation; but the results failed to establish direct or definite evidence on both points. The Security Service further took the view that action should never be taken against members of the Communist Party because they were Communists but that if they infringed the law they should be dealt with for that infringement and not on account of their political views. In view of the fact that the Communist Party was a highly centralised organisation pursuing a single policy throughout the whole country under a central control it was held that it was desirable that counter action should be similarly centralised and that the Police Forces throughout the country should be advised to act on the above lines.

The result was that while in many cases action was taken against Communists at the request of other workmen it was done through the ordinary channels of industrial negotiation and not as the result of police action.

An important consequence of this general policy was that DR.18B was not generally applied to members of the Communist Party. The only instance of a member of the Party being detained was that of one, John Mason, in whose case action was taken by the Home Secretary at the suggestion of the Security Service and with the agreement of the Ministry of Labour. Mason was detained on 15.7.40 and in the following September appeared before the Home Office Advisory Committee which recommended his continued detention on the grounds of his "having been concerned in acts prejudicial". The evidence against him was partly based on letters seen as the result of a H.Q.W. which proved that he had been actively concerned in organising meetings and action inside factories to interfere with production in the English Steel Corporation of Sheffield where he had started work in December 1938. There were

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numerous protests against his internment from Communists and Communist-controlled organisations and one from the Executive Council of the A.E.U. of which Mason was a member. A meeting was arranged between five members of the A.E.U. councils and officials of the Home Office on 20.9.40. at which a member of the Security Service was present. As the A.E.U. were not satisfied the detailed evidence was communicated to them at a further interview and one of them then expressed the view that Mason ought not to have been detained but should have been shot. In spite of the attitude of the Trade Union, Mason was subsequently released on 7.6.41. by the Home Secretary after an interview between Sir Alexander Maxwell and Mr. Gallacher, the Communist M.P. Whereupon, Mason renewed his activities but he and the other parties concerned were saved from the embarrassment which might have been expected to ensue by the fact that the Party changed its policy shortly afterwards as a result of the German attack on Russia.

An important factor in the impact of Comintern policy on the industrial situation in this country arises from the development of the unofficial Shop Stewards' Movement. In order to explain what lay behind this movement Mr. Clarke of B.L.A. prepared a paper on the subject (vide Bibliography No. 54). Although this paper was prepared in this period it was not issued until November 1941, but it will be convenient to refer to some of the main points made in it as it dealt almost entirely with developments prior to the German attack on Russia. The paper explained that the Shop Steward first came into existence some years before the last war and originally as an official of his union in the shop where he was employed. This was recognised by agreement between the engineering employers and certain unions in 1917 and, in the meanwhile, unofficial Shop Stewards had also obtained practical recognition in other industries. From these circumstances the unofficial Shop Stewards' Movement eventually arose and during the remainder of the war of 1914-1918 was engaged in fighting industrial conscription which it defined as a control of labour by the Government for the benefit of the employers. In 1919 when the Profintern, the Trade Union section of the Communist International, was established the Shop Stewards' Movement was affiliated to it. Some years later conditions in the aircraft industry became similar to those which gave rise to the Shop Stewards' Movement in the last war. The industry was a new and growing one and the unions had been slow to adjust their machinery to fit the new circumstances. In 1933 a newly formed body called The Aircraft Workers Movement declared in its statement of policy: "We want the union back to the position of the days of the Shop Stewards' Movement". The movement grew until in 1936 the Aircraft Shop Stewards' National Council which had developed from the Shop Stewards' Movement challenged Trade Union leadership; and after the outbreak of war in 1939 it followed the Communist Party line very closely, adopted the policy of "revolutionary defeatism" and served as one of the main channels for the Communist Party's approach to industry. For the first twenty-two months of the war these Councils consistently followed a policy of obstruction to the war effort. In 1940 the Shop Stewards' Movement extended to other sections of the engineering industry, but

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it did not succeed in obtaining a secure foothold in the heavy engineering industry. It attracted many members of the Electrical Trades Union and the Shop Stewards of certain Ordnance factories became affiliated to the Engineering and Allied Trades Shop Stewards' National Council.

This National Council is described in the F Division paper as a parasite within the Trade Union structure. Not only were the ranks of the Shop Stewards penetrated by the Communist Party, but the leadership of the Movement was entirely in the hands of Party members. The paper went on to explain the methods by which the Communist Party controlled the Shop Stewards' Movement and the place which the Movement occupied in the Party's programme by saying that the office of Shop Steward was not one to appeal to the ordinary member of a Trade Union and that the Communist Party instructed its members to put themselves forward for this office and saw that they were trained to fulfil its duties. Apathy towards the election of Shop Stewards often played into the hands of the Communist Party, but penetration by the Party into the ranks of Shop Stewards had also meant penetration into the governing machinery of the Trade Unions. The degree of penetration varied greatly from place to place.

The political implications of this situation were important. Whether the Shop Stewards' Movement was giving practical expression to a policy of "revolutionary defeatism" or to a "united front" policy; and whatever tactics the Communist Party might adopt from time to time, its long-term aims remained the same. These revolutionary aims were clearly visible in the activities of the Shop Stewards' National Council and the Communist Party was seeking to draw away the rank and file members of Trade Unions and to create a split which would ultimately shatter the whole Trade Union structure and enable the Communist Party to achieve its aims - an essential part of its revolutionary programme - of securing the leadership of the industrial masses. It was along these lines that the C.P.G.B. was carrying out the policy of the Comintern.

It should be added, however, that subsequent events proved that the Communist Party's aims were often greater than its achievements and their position was not so strong as might appear from their success in securing the election of their members as Shop Stewards. It often happened that because the Communist Shop Steward had few Party supporters in his shop his disappearance, for any reason, destroyed the whole position which had been built up in that particular shop. (Later developments are described in Mr. Clarke's book on the Communist Party - Its Aims and Organisation in the chapter on Industrial Organisation - vide Bibliography No. 14).

Early in 1940 when it became apparent that the Communist Party might under certain circumstances present a serious menace in view of the relations existing between Germany and the U.S.S.R., a memorandum was sent to the Home Office (on April 12th) making recommendations regarding the following measures:-

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- (a) the refusal of facilities to British Communists for foreign travel;
- (b) the prohibition of export of Communist publications;
- (c) the internment of Communist leaders in the event of hostilities with the Soviet Union.

The Home Office policy at this time was to allow exit permits to France to be issued to Communists but to warn the French authorities. Measures banning the export of their publications were brought into force in May-June 1940.

In May 1940, the Security Service prepared a plan for dealing with the C.P.G.B. in the event of an attempt to organise widespread resistance to greater production. Thirty-nine officials of the Party were listed for detention on lines calculated to paralyse the Party and these detentions were intended to coincide with the search of selected Party premises. The scheme was submitted to the Home Office who authorised arrangements to communicate it to the Chief Constables concerned. It was arranged that on receipt of a telegram "Put Complan into effect" the necessary action would be taken by the police. It was held that the existing powers under DR.18B would not cover the detention of Communists in the circumstances contemplated and the Home Office undertook to ask for further powers should the intended action become necessary.

As the Communist Party is a political Party it can be fought with political weapons and the question of a White Paper, which - by the publication of inside information - would expose the realities behind it was also under consideration and was an integral part of the Security Service proposals for dealing with the Communist Party as put forward during 1940 and 1941.

The principle underlying these plans - the arrest of a sufficient number of leaders to paralyse the Party and the exposure of its secrets - was based on the view that the Party consisted of a revolutionary core and a large number of sympathisers, many of whom were attracted by the surface ideals of Communism, by the economic and industrial policy of the Party, or by its agitation for improved conditions; but did not realise either the immediate or the long-term implications of "revolutionary defeatism" or "the class war". The proposed action was therefore designed to split the outer covering of sympathisers from the hard revolutionary core. For this purpose a powerful weapon had been placed in the hands of the authorities when the Guildford police discovered in the course of a search the Minutes of the meetings of the Central Committee of the Party and the short thesis of the Comintern already mentioned (vide Bibliography No. 17 and No. 18). The crisis never developed and the proposed action was therefore never taken.

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(vi) Soviet Espionage.

A case of Soviet espionage which was under enquiry towards the end of 1939 led to the conviction of John Hubert King, a British subject employed in the Foreign Office as a cypher clerk, who was sentenced to ten years' penal servitude. He had been supplying to a Soviet agent named Hans Christian Pieck copies of telegrams and reports from British Embassies and Legations abroad which were received in the Foreign Office between the middle of 1935 and some time in 1936 when Pieck's place was taken by Paul Hardt already mentioned in connection with the case of Percy Glading.

The special interest of this case lies in the fact that it reveals a thorough and resourceful technique, the employment of lavish financial resources and painstaking and successful preparation over a long period on the part of the Soviet intelligence organ responsible for penetrating the official secrets of this country.

Hans Christian Pieck, a Dutchman of good family and an artist by profession, came to the notice of S.I.S. in 1930 and again in 1935 as a Communist. He had visited Moscow in 1929 when he became a member of the Soviet Intelligence Service and was charged with the special duty of penetrating the British Foreign Office. For this purpose he was established in Geneva as an artist, and for two and a half years he carefully cultivated the British official community there. His expenses in this connection are believed to have been approximately £20,000 spread over a period of two and a half years. In the course of this cultivation of the British Community he secured King as an agent inside the Foreign Office, and then in 1935 transferred his residence and activities to London where he entered into a business partnership with a British subject. In 1939 this partner made a statement that he had been in business with Pieck and had discovered the existence of a photographic dark room, and that Pieck's wife had said that he was obtaining documents from the British Foreign Office through a cypher officer whose name was not known.

An S.I.S. agent had been in touch with Pieck in Holland and had obtained an address in London from some of Pieck's private papers. The significance of this address was not understood at the time, but after the disclosures in 1939, it was connected with the address of Helen Wilkie, King's mistress who was also implicated. About the same time Krivitsky, the author of the book "I was Stalin's Agent" informed H.M. Ambassador in Washington that one King employed in the Communications Department of the Foreign Office was a Soviet agent. The result of the bringing together of these independent pieces of information was that certain notes and documents were found in Helen Wilkie's safe deposit. The notes were traced to Pieck's personal account, and a credit of just under £2,000 was discovered at another bank in King's name. Certain of these monies were traced to Paul Hardt, and King eventually made a statement to the effect that between 1935 and 1937 he took money amounting to £2,000 in payment for copies of secret telegrams decoded in the Foreign Office.

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This case illustrated the complementary nature of the work of Section V and B Branch.

Shortly after the disclosure by Krivitsky in the King case as mentioned above, Section V and B Branch combined to arrange for Krivitsky to be brought from the U.S.A. to the United Kingdom. He had been an important member of the Fourth Department of the Soviet Military Intelligence Service and had fled to America because he was recalled to Russia for the purpose of an enquiry connected with one of the "purges".

Krivitsky was interviewed by Colonel Vivian, Captain Liddell and Mrs. Archer. The main burden of the enquiry fell on Mrs. Archer who conducted a series of interviews during which Krivitsky talked at great length about the affairs of the Russian Secret Military Intelligence Service or the "Fourth Department". The results are contained in FF.R.4342 - YB.837. These voluminous details gave the Security Service, for the first time, an insight into the machinery of the Russian Secret Intelligence Service and their Security Service; their methods; and substantial information about their operations in Europe and against this country. In all these activities Krivitsky had played an active part, but he repudiated any suggestion that he was directly responsible for Soviet activities directed against us.

He explained that while the Fourth Department was concerned with obtaining secret military intelligence as part of the Soviet Military Intelligence Service (Razvedupr), the Russian Security Service was known as the G.U.G.B. which was the headquarters organisation of the Security Service of the Soviet Home Office or N.K.V.D. The staff of the G.U.G.B. was known as the O.G.P.U. The operational staff of the O.G.P.U. was divided into three sections:

- (a) the I.N.O. or foreign sections responsible for O.G.P.U. agents abroad;
- (b) the Osobietodel, dealing with counter espionage within the Soviet Union, and -
- (c) Spetsodel, dealing with espionage by and disciplinary action against Soviet officials and Party members. He added that at the time that he was last in Moscow in May 1937, it was proposed to amalgamate the Security Service sections under one head as a general service to be known as the K.R.O. (Kontre Razvedupr or counter-espionage) and subsequent information indicates that this reorganisation took place.

The detailed information given by Krivitsky can best be studied in the relevant files and is too long to be summarised here. Some of it is now out of date, but the most important points mentioned by him are to be regarded as constant factors. Among its outstanding features are the thoroughness with which Russian Secret Intelligence Services have been organised and the power wielded by the Secret Services. According to Krivitsky, Stalin expressed

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his long rooted conviction that on them depended the safety of the Soviet State. They maintain a close watch on everything that may be considered likely to threaten the regime, and it would seem that nothing in Russia or in its Embassies abroad is free from their ubiquitous supervision. The all powerful O.G.P.U. was in a far stronger position abroad than the officers of the Razvedupr and were in a position to maintain a tighter hold over their agents. They were able to demand unpaid services, both from Soviet officials in foreign countries, and from the members of the local Communist Party. There was jealousy between the two organisations, and both maintained an elaborate system of "legal" and "illegal" resident agents abroad, the former being individuals holding official positions, and the latter those acting under cover of business or other occupations.

Krivitsky was of the opinion that Stalin no longer thought in terms of world revolution or Socialist theory, but nevertheless supported Communist Parties abroad as instruments of his policy. For such purposes two Comintern organisations had been of special importance; the Lenin School for training Communist agents, and the O.M.S. (Otdel Mezhdunarodnoi Svyazi). The O.M.S. was the organisation through which the Comintern financed, maintained contact with and disciplined Communist Parties abroad; it was the instrument through which Stalin would make preparations for a state of war. Krivitsky was emphatic that in the event of war between the British Empire and the Soviet Union the Communist Parties in British countries would constitute a very real danger. The Comintern no longer had any genuine concern in the interests of the British working-class, but in his opinion the C.P.G.B. organisation was a Russian agency to be used as an instrument of military policy in the event of war when steps would be taken to organise active and passive sabotage on a large scale. Disintegration work among the Armed Forces which was conducted by the C.P.G.B. was, in spite of its ideological character, directed by the Soviet Military Intelligence Service and not by the O.G.P.U. or the Comintern.

Important British Communists such as Pollitt and Gallacher had been interviewed when visiting Moscow by officers of the Military Intelligence Service and their views had been obtained on such subjects as the political situation in Britain, the British General Staff, conditions in the British Army and other matters of military interest. Stalin was determined on the destruction of the British Empire and would go to any lengths in collaboration with Hitler to attain this object. Krivitsky believed that Bolshevism, Leninism and Socialism in the Soviet Union were dead. The Soviet Union was a rigid dictatorship maintained by wholesale purges and Stalin was attempting to maintain his unstable position by a policy of military aggression.

While Krivitsky's views were coloured by his enmity against Stalin and the circumstances of the time - the end of 1939 - his statements were accepted as factually correct, honest and reliable. Many of his facts in connection with intelligence matters were corroborated by information received from other sources

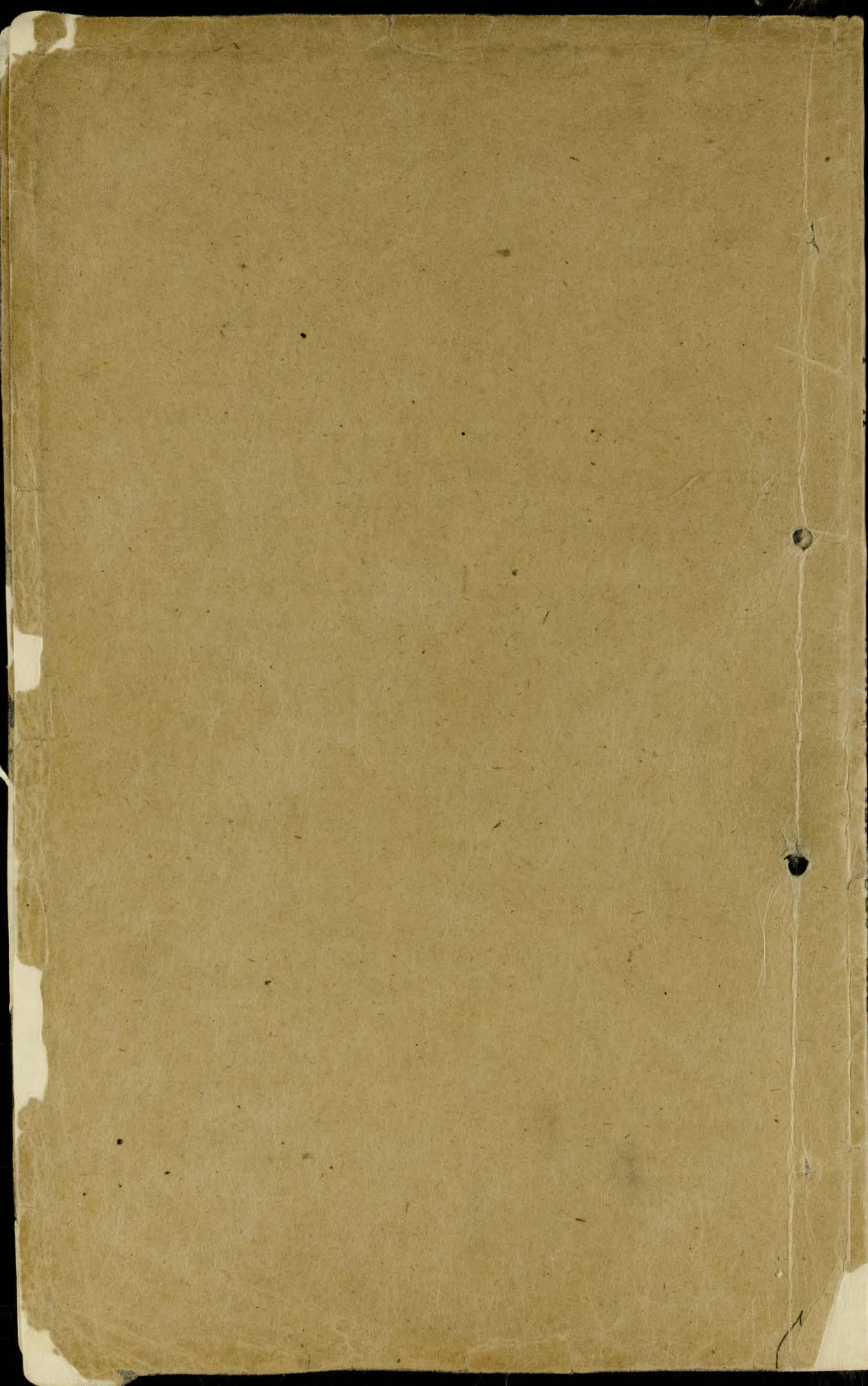
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and many of them served to explain obscurities in regard to cases which had been under investigation by B Branch. His knowledge of the ultimate aims of Stalin's policy was not regarded as being necessarily complete.

Krivitsky confirmed and elaborated some previous rather sketchy information concerning collaboration between certain officers of the German and Russian Secret Intelligence Services. There was not sufficient evidence to justify the statement that they were in fact collaborating against ourselves at the end of 1939 although Krivitsky was definitely of opinion that after the pact between Stalin and Hitler there could be no doubt that the two organisations would be working together in this country and that it could be taken as certain that the Soviet diplomatic bag, which was always used for Soviet espionage material, was being used for the despatch to Berlin and elsewhere of the fruits of German espionage. This last statement was undoubtedly intended to be an honest and friendly warning but it was coloured by his anti-Stalin bias, was never substantiated and seems improbable in the light of later information. The Security Service, however, could not be certain of the true position at that time and there was reason to believe that some collaboration between the Germans and Russians was based on personal friendships of longstanding. Krivitsky said that there had been a special relationship of this kind ever since the Treaty of Versailles and he mentioned General von Seckt as having counted on Soviet assistance towards the eventual liquidation of the position created by this Treaty. He also stated that prior to the Hitler regime the Soviet Military Attaché in Berlin directed Soviet espionage against England with the knowledge of the German authorities and exchanged the results with them. He gave certain specific details of collaboration of this kind in the pre-Nazi period.

The general result was that during the crisis of 1940 the Security Service had serious reasons for apprehension regarding the effects of Russian espionage directed against this country and the possible repercussions on the war with Germany. At the same time, the staff of B Branch was overwhelmed with the effort of expanding itself to cope with the situation created by the war and by the general inadequacy of its information about both the German and the Russian Secret Services. The few officers who had experience of cases of Soviet espionage - Brigadier Harker, Captain Liddell and Mrs Archer - were fully occupied with work directly bearing on measures for the investigation or prevention of espionage by the enemy.

END OF VOLUME I.



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